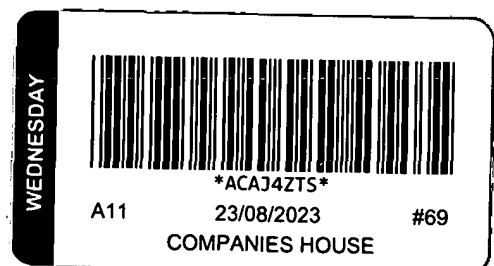


Registered No: 07667749

**LENDINVEST FUNDS MANAGEMENT LTD**  
**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**



# **LENDINVEST FUNDS MANAGEMENT LTD**

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# **LENDINVEST FUNDS MANAGEMENT LTD**

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## **COMPANY INFORMATION**

### **DIRECTORS**

Ian Thomas  
Roderick Lockhart  
Arman Tahmassebi

### **COMPANY SECRETARY**

Ian Thomas

### **REGISTERED OFFICE**

8 Mortimer Street  
London  
England  
W1T 3JJ

### **AUDITOR**

BDO LLP  
55 Baker Street  
Maylebone London  
W1U 7EU

## **LENDINVEST FUNDS MANAGEMENT LTD**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their strategic report for LendInvest Funds Management Ltd (the "Company") for the year ended 31 March 2023. The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

#### **Principal activities**

The principal activity of the Company is to act as a fund management company.

#### **Performance in the year**

Key Performance Indicators	2023	2022	Increase /Decrease
	£'000	£'000	
Revenue	2,900	4,651	-38%

As at 31 March 2023, the Company had £2.9 million revenue compared to 31 March 2022 revenue of £4.6 million, the decrease in revenue is as a result of reduced investment activities of the Fund in which the Company acts as Investment Advisor.

Management does not consider Non-Financial Performance indicators as key to the Company.

The Company generated a profit after tax of £3,000 (2022: £6,000) during the year.

## **LENDINVEST FUNDS MANAGEMENT LTD**

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### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

#### **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 competitiveness and flexibility of the business.

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

#### *Credit risk management*

The Company's principal creditors are related entities and financial institutions that hold the Company's cash and cash equivalents. Management considers the credit risk associated with the creditors to be minimal.

#### *Market risk management*

The tragic events in Ukraine have created global uncertainty and macro headwinds. We're now dealing with the highest inflation since 1982 and interest rates have risen to their highest point in 13 years. This in turn has led to tighter monetary policy and an increase in interest rates. Higher interest rates drive higher discounts rates, which have an unfavourable effect on the value of existing investments.

#### *Climate risk management*

The Company's management of climate risk is performed at Group level. Details of the risk exposure and mitigation are covered in the Group's annual report on page 40.

#### *Price, liquidity, and cash flow risk management*

The Company has limited exposure to price, liquidity, and cash flow risk.

## LENDINVEST FUNDS MANAGEMENT LTD

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### STRATEGIC REPORT - (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 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 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.

#### Director's responsibilities under the Companies Act 2006

Under section 172 of the Companies Act 2006, a director of a UK Company must act in the way they consider would be most likely to promote the success of the Company for the benefit of its members as a whole. In order to effectively discharge our responsibilities as directors in accordance with section 172, we continuously have regard to the following matters.

- The likely consequences of any decisions in the long term;
- Relationships with customers, regulators and others;
- The impact of the Company's operations on the community and environment;
- Maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the company. The Company manages other risks including:

Key Stakeholders	Why customers are key stakeholders.	How we engage with our customers
Customers (Investors)	The Company provides investment advisory. Strong performance of the investments on which advisory services are provided underpin the Company's revenue generation.	The Company provides responsible investment advisory services to its customers that focus on financial returns as well as environmental, social and ethical considerations.

## LENDINVEST FUNDS MANAGEMENT LTD

### STRATEGIC REPORT - (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### Director's responsibilities under the Companies Act 2006 (continued)

Key stakeholder	Why the community and the environment are key stakeholders are key stakeholders	How we engage with the community on environmental issues
Community and the environment	<p>Operating responsibly and ethically is central to our business strategy. As we grow, it is important for the long-term success of the Company that we continue to reduce the environmental impact of our business and to make a positive impact on industry and the communities that we serve.</p> <p>During the year, the Company had no employees (2022: nil)</p>	<p>The Company's engagement with the community and environment is managed at a Group level. There is further discussion in the Group annual report as part of section 172 statement.</p> <p>The Company does consider its environmental impact and ESG on investment advice</p>

Key stakeholders	Why regulators are Key	How we engage with our customers
Regulators	<p>We operate within a robust governance and risk management framework which links to the regulatory environment in which we operate.</p> <p>The Company is an FCA regulated entity and is supervised by the FCA for money laundering purposes.</p> <p>We believe a positive relationship with our regulators and an embracement of the regulatory environment in which we operate helps us to continually improve our culture, governance, conduct and accountability, to the benefit of the long term sustainable success of the business.</p>	<p>We proactively engage with regulators on key strategic decisions and encourage and welcome an open dialogue. Furthermore, we aim to ensure we meet the expectations of a modern corporate citizen, through the responsible, and proactive, application of legal, regulatory, environmental and ethical practices.</p>

## **LENDINVEST FUNDS MANAGEMENT LTD**

### **STRATEGIC REPORT - (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

**Director's responsibilities under the Companies Act 2006 (continued)**

#### **Section 172(1) (d) - Impact of the Company's operations on the community and the environment**

The Company's Executive Committee is responsible for ensuring that key strategic and operational decisions in their area take into account community and environmental considerations, support ESG and CSR initiatives and practices through role-modeling and the allocation of sufficient resources and ensuring compliance with the Company's policies and procedures in respect of ESG and CSR.

We have established an Executive-level ESG committee which is primarily responsible for recommending the ESG strategy, policy and key performance indicators for the Group and overseeing their implementation, working with the culture and community committee and the diversity and inclusion champions, both of whom report to the ESG Committee, to drive engagement and inclusion within the business on ESG initiatives, and ensuring that the Company provides appropriate information regarding its ESG related policies and objectives with the investment community and key stakeholders.

Our impact on the natural environment and our response to the challenge of climate change including energy consumption, generation and use of renewable energy, biodiversity and habitat, impact on water resources and the status of water bodies, pollution, resources efficiency, and the reduction and management of waste.

Our approach to the environment considers the impact of our business, both at the asset management and platform level and the subsequent ways that we can mitigate this impact. The UK's built environment accounts for 20-30% of UK emissions and so supporting products and initiatives that decarbonise the sector will produce positive externalities for society.

Assessing the impact of our financing and the portfolios of assets we provide capital for. Our initiatives focus on encouraging environmentally friendly behavior among borrowers by creating tailored financing solutions, fee discounts, rate discounts and thought leadership, and with the target of lowering emissions of our AUM.

#### **Events after the reporting date**

As at the date of signing the accounts, there were no events to be reported after the reporting date.

Approved by the Board on 28 July 2023 signed on its behalf by:



Ian Thomas

Director



## **LENDINVEST FUNDS MANAGEMENT LTD**

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### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2023**

The Directors present their annual report together with the audited financial statements of LendInvest Funds Management Limited (the "Company"), for the year ended 31 March 2023.

#### **Principal activities**

The principal activity of the Company is to act as a fund management company.

#### **Future developments**

See strategic report on page 2

#### **Principal risks and uncertainties**

See strategic report on page 2

#### **Results and dividends**

The results for the financial year ended 31 March 2023 are set out on page 13. The profit for the financial year amounted to £3,000 (2022: £6,000) per the Statement of Profit and Loss and Other Comprehensive Income.

The Directors do not recommend payment of a dividend for the year (2022: £nil).

#### **Charitable and political donations**

The Company made no charitable or political donations in the current year (2022: £nil).

#### **Going concern**

The directors have a reasonable expectation that the Company will have adequate resources to continue to operate for a period of at least 12 months from the signing date of these accounts. The directors have reviewed the financial plan for the forthcoming year across a range of potential scenarios and believe the Company is in a strong financial position. They will continue to adopt the going concern basis to prepare the financial statements presented in this Report.

#### **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

Roderick Lockhart

Arman Tahmassebi

## **LENDINVEST FUNDS MANAGEMENT LTD**

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### **REPORT OF THE DIRECTORS - (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023**

#### **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 auditors**

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.

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

Approved by the Board on 28 July 2023 signed on its behalf by:



Ian Thomas  
Director

## LENDINVEST FUNDS MANAGEMENT LTD

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### 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.

## **LENDINVEST FUNDS MANAGEMENT LTD**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LENDINVEST FUNDS MANAGEMENT LTD**

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 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.

We have audited the financial statements of LendInvest Funds Management Ltd ("the Company") for the year ended 31 March 2023 which comprise the Statement of Profit and Loss and Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **LENDINVEST FUNDS MANAGEMENT LTD**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LENDINVEST FUNDS MANAGEMENT LTD (CONTINUED)**

#### **Other Companies Act 2006 reporting**

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

#### **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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- our responses to significant audit risks were intended to sufficiently address the risk of fraudulent manipulation. In particular, we have reviewed accounting estimates for any potential management bias to check the methods utilised are appropriate;
- Enquiries of management;
- Review of minutes of board meetings throughout the period;
- Obtaining an understanding of the legal and regulatory framework applicable to the Group's operations;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

## **LENDINVEST FUNDS MANAGEMENT LTD**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LENDINVEST FUNDS MANAGEMENT LTD (CONTINUED)**

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

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

#### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Ariel Grosberg*

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Ariel Grosberg (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

28 July 2023

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

## LENDINVEST FUNDS MANAGEMENT LTD

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### STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £'000	2022 £'000
Revenue	7	2,900	4,651
Administrative expenses	8	(2,899)	(4,643)
<b>Profit before taxation</b>		<b>1</b>	<b>8</b>
Tax on profit	9	2	(2)
<b>Profit for the financial year</b>		<b>3</b>	<b>6</b>
Other comprehensive income for the financial year		-	-
<b>Total comprehensive income for the year</b>		<b>3</b>	<b>6</b>

The above results were derived from continuing operations.

The Company has no recognised gains or losses other than the results for the year and previous year as set out above.

The notes on pages 16 to 23 form an integral part of these financial statements.

## **LENDINVEST FUNDS MANAGEMENT LTD**

### **STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**

	<b>Note</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Non-Current Asset</b>			
Investments	<b>10</b>	11	41
<b>Current assets</b>			
Debtors	<b>11</b>	932	441
Cash at bank and in hand		8	8
<b>Total assets</b>		<b>951</b>	<b>490</b>
<b>Current Liabilities</b>			
Creditors	<b>12</b>	(804)	(346)
Corporation Tax		(2)	(2)
<b>Total liabilities</b>		<b>(806)</b>	<b>(348)</b>
<b>Net assets</b>		<b>145</b>	<b>142</b>
<b>Equity</b>			
Share Capital	<b>13</b>	14	14
Retained Profits	<b>13</b>	131	128
<b>Total equity</b>		<b>145</b>	<b>142</b>

The notes on pages 16 to 23 form an integral part of these financial statements.

The financial statements of LendInvest Funds Management Limited (registration number: 07667749) were approved by the Board of Directors and authorised for issue on 28 July 2023 they were signed on its behalf by:



Ian Thomas  
Director



## LENDINVEST FUNDS MANAGEMENT LTD

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Retained Profits	Total
	£'000	£'000	£'000
Balance at 1 April 2021	14	122	136
Profit for the year	-	6	6
Total comprehensive income	-	6	6
Balance at 31 March 2022	14	128	142

	Share capital	Retained Profits	Total
	£'000	£'000	£'000
Balance at 1 April 2022	14	128	142
Profit for the year	-	3	3
Total comprehensive income	-	3	3
Balance at 31 March 2023	14	131	145

The notes on pages 16 to 23 form an integral part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

### **1 General Information**

LendInvest Funds Management Limited (the "Company") is a private company limited by share capital which was incorporated on 13 June 2011 in England and Wales and domiciled in the United Kingdom under the Companies Act. The address of its registered office is given on page 1. The principal activity of the Company is to act as a fund management company.

### **2 Accounting policies**

#### **Basis of preparation**

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

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

The Company is a wholly owned subsidiary of LendInvest Plc and is included in its consolidated financial statements which are publicly available, this is disclosed in note 15. 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.

#### **Going concern**

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company will have adequate resources to continue to operate for a period of at least 12 months from the signing date of these accounts. The directors have reviewed the financial plan for the forthcoming year across a range of potential scenarios and believe the Company is in a strong financial position. They will continue to adopt the going concern basis to prepare the financial statements presented in this Report.

#### **Summary of disclosure exemptions**

The following exemptions from the requirements of the International Financial Reporting Standards ('IFRS') have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 79(a)(iv) of International Accounting Standards ('IAS') 1.
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 'Accounting policies; changes in accounting estimates and errors'.
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

## **LENDINVEST FUNDS MANAGEMENT LTD**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023**

#### **2 Accounting policies - (continued)**

Where relevant, equivalent disclosures have been given in the group financial statements of LendInvest Plc (the "group"), financial statements of LendInvest Plc are available to the public and can be obtained as set out in note 15.

The principal accounting policies adopted are set out below.

#### **Cash at bank and in hand**

Cash comprises mainly of 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.

#### **Investments in subsidiaries**

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

## LENDINVEST FUNDS MANAGEMENT LTD

### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 2 Accounting policies - (continued)

Revenue recognition Recognised  
under IFRS 15:

Revenue within scope	Performance obligations	Timing and satisfaction of performance	Allocation of transaction price
Management Fees	To provide management and administration of loans held by customer	Series of distinct services with a similar pattern of transfer over time	Fixed fee
Investment Advisory Fees	To provide investment advisory services to support originating, developing and evaluating investment proposals to the General Partner and on-going monitoring of each investment and divestment in the Fund	Series of distinct services with a similar pattern of transfer over time	Variable consideration based on % of NAV (under management) and accrued in arrears monthly as well as variable consideration accrued when hurdle rate is exceeded

Revenue represents management fees received from off balance entities. These fees are recognised in the Statement of Profit and Loss and Other Comprehensive Income when the service is performed.

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

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

#### Administrative expenses

Administrative expenses are recognised in the Statement of Profit and Loss and Other Comprehensive Income in the period in which they are incurred (on an accruals basis).

#### Current taxation

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.

#### Creditors

Creditors are obligated to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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.

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

## LENDINVEST FUNDS MANAGEMENT LTD

### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 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.

#### 4 Staff costs

The Company had no employees during the year (2022: nil).

#### 5 Directors' remuneration

The Directors of the Company are remunerated by LendInvest Plc as detailed in note 10 of the financial statements of the LendInvest Plc group.

#### 6 Auditor's remuneration

All fees payable to the Company's auditor for audit services of £3,000 in the current year (2022: £3,000) are borne by LendInvest Plc and disclosed in note 8 of the financial statements of the LendInvest Plc Group.

#### 7 Revenue

Total revenue, analysed by category, is as follows:

	2023 £'000	2022 £'000
Management fees	84	84
Investment advisory fees	2,816	4,567
<b>Total</b>	<b>2,900</b>	<b>4,651</b>

Revenue has been derived from the principal activities wholly undertaken in the United Kingdom, during the year ended 31st March 2023.

#### 8 Administrative Expenses

	2023 £'000	2022 £'000
Intermediary fee	(2,874)	(4,640)
Write off of Investment in LendInvest S.C.A SICAV-SIF	(22)	-
General expenses	(3)	(3)
<b>Total</b>	<b>(2,899)</b>	<b>(4,643)</b>

## LENDINVEST FUNDS MANAGEMENT LTD

### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 9 Tax on profit

Tax charged for the year in the profit and loss account:

	2023 £'000	2022 £'000
<b>Current taxation</b>		
UK corporation tax (credit) / charge	(2)	2

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2022: 19%).

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

	2023 £'000	2022 £'000
Profit before tax	1	8
Corporation tax at standard rate (19%)	0	2
Adjustment in respect of prior years	(2)	0
Tax expense/(credit) for the year	(2)	2

#### Factors affecting future tax charges

In March 2021, it was announced in Budget 2021 that the main rate of UK corporation tax will rise to 25% from 1 April 2023. The proposal to increase the rate to 25% was substantively enacted in May 2021.

#### 10 Investments

In the previous year ended 31 March 2021, an amount of £30,000 was paid for the incorporation of a new fund, Lendinvest SCA SICAV-RAIF. In April 2022, this amount was repaid to the Company. The reason for the repayment was due to the incorporation being fulfilled by another Group entity.

In September 2022, the Company was issued 1 ordinary share in LendInvest S.C.A SICAV SIF contributing capital of EUR 25,000. This transaction was as a result of the amalgamation of LendInvest Real Estate Opportunity Fund, sub-fund of LendInvest S.C.A SICAV-SIF, to LendInvest S.C.A SICAV-RAIF - LendInvest Secured Credit Fund II. On the date of amalgamation, LendInvest S.C.A SICAV-SIF was a standalone entity within the fund structure and therefore requires 1 management share in issue and 1 ordinary share in issue.

The investment of EUR 25,000 has been written off in the year ended 31st March 2023 as LendInvest S.C.A SICAV SIF opened liquidation on 22nd December 2022, the capital contributed has been used to fund liquidation costs in this entity.

The Company owned 100% of the ordinary share capital of the following subsidiary as at 31 March 2023:

Subsidiary	Class of shares owned	Number of shares held
LendInvest Capital GP Sarl	Ordinary	100

LendInvest Capital GP Sarl was appointed to act as the managing partner of an alternative investment fund. The shareholding of 100 ordinary shares is representative of EUR 12,000.

The registered address and country of incorporation of the subsidiary is 2 Rue Jean Monnet, Luxembourg, L-2180.

# LENDINVEST FUNDS MANAGEMENT LTD

## NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 11 Debtors

	2023 £'000	2022 £'000
Amounts owed by group undertakings	932	441

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

### 12 Creditors

	2023 £'000	2022 £'000
Amounts owed to group undertakings	801	346
Accrual	3	-
	804	346

The amounts owed to group undertakings are unsecured, interest free and payable on demand. Debtors and creditors are held at amortised cost.

### 13 Share capital

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

#### *Allotted, called up and fully paid shares*

	2023 No.000	2023 £'000	2022 No.000	2022 £'000
14,000 ordinary shares of £1 each	14	14	14	14

#### **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 Profits*

The retained profits of £131,000 (2022: £128,000) represent cumulative profits or losses, net of dividends paid and other adjustments.

## LENDINVEST FUNDS MANAGEMENT LTD

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### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 14 Related party disclosures

##### *Transactions with group companies*

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

#### 15 Controlling party

The Company is a wholly owned subsidiary of LendInvest Plc a company incorporated in the United Kingdom and registered in England and Wales. The Directors regard LendInvest Plc as the ultimate controlling party.

The smallest and largest group in which this Company is consolidated for the year ended 31 March 2023 are the consolidated financial statements of LendInvest Plc. These accounts are available at 8 Mortimer Street, London, England, W1T 3JJ.

#### 16 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 competitiveness and flexibility of the business.

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

##### *Credit risk management*

The Company's principal creditors are related entities and financial institutions that hold the Company's cash and cash equivalents. Management considers the credit risk associated with the creditors to be minimal.

##### *Market risk management*

The tragic events in Ukraine have created global uncertainty and macro headwinds. We're now dealing with the highest inflation since 1982 and interest rates have risen to their highest point in 13 years. This in turn has led to tighter monetary policy and an increase in interest rates. Higher interest rates drive higher discounts rates, which have an unfavourable effect on the value of existing investments.

##### *Climate risk management*

The Company's management of climate risk is performed at Group level. Details of the risk exposure and mitigation are covered in the Group's annual report on page 40.

##### *Price, liquidity, and cash flow risk management*

The Company has limited exposure to price, liquidity, and cash flow risk



## **LENDINVEST FUNDS MANAGEMENT LTD**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023**

#### **17 Subsequent Event**

As at the date of signing the accounts, there were no subsequent events to be reported.