

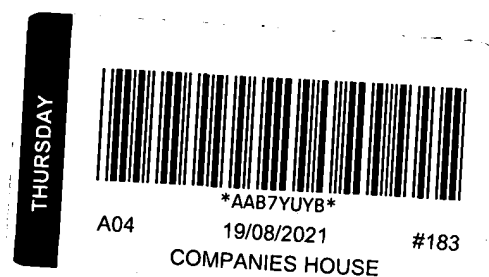
# **FUNDING CIRCLE ASSET FINANCE LIMITED**

Annual Report and Financial Statements

For the Year Ended

31 December 2020

Registered number: 07832868



# **FUNDING CIRCLE ASSET FINANCE LIMITED**

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## **FUNDING CIRCLE ASSET FINANCE LIMITED**

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### **Officers and professional advisers**

#### **Directors**

L Jacobs  
R D Kerrigan

#### **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 ASSET FINANCE LIMITED**

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## **Report of the directors for the year ended 31 December 2020**

The directors present their report together with the annual financial statements of Funding Circle Asset Finance Limited (the "Company"), for the year ended 31 December 2020. The Company is a wholly-owned subsidiary of Funding Circle Ltd. This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

### **Principal activity**

The principal activity of the Company was the acquisition of assets for asset finance loans.

### **Directors**

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

S Glithero (resigned 19 June 2020)

L Jacobs

R Kerrigan

### **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.

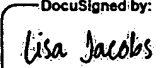
### **Dividends**

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

### **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 and signed on behalf of the Board.

DocuSigned by:  
  
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**L Jacobs**  
Director

71 Queen Victoria Street  
London  
EC4V 4AY

21 June 2021

## **FUNDING CIRCLE ASSET FINANCE LIMITED**

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### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable UK 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

## **FUNDING CIRCLE ASSET FINANCE LIMITED**

### **Statement of comprehensive income for the year ended 31 December 2020**

	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
Administrative expenses		(274)	(274)
<b>Operating loss</b>	<b>5</b>	<b>(274)</b>	<b>(274)</b>
<b>Loss before taxation</b>		<b>(274)</b>	<b>(274)</b>
Income tax	<b>6</b>	-	-
<b>Loss for the year</b>		<b>(274)</b>	<b>(274)</b>
Other comprehensive loss		-	-
<b>Total comprehensive loss for the year</b>		<b>(274)</b>	<b>(274)</b>
<b>Loss and total comprehensive loss attributable to:</b>			
Owners of the parent		(274)	(274)

All amounts relate to continuing activities. The notes on pages 8 to 16 form part of these financial statements.

## **FUNDING CIRCLE ASSET FINANCE LIMITED**

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### **Statement of changes in equity for the year ended 31 December 2020**

	Note	Share capital	Accumulated losses	Total equity
		£	£	£
<b>Balance at 1 January 2019</b>		<b>1</b>	<b>(5,349)</b>	<b>(5,348)</b>
Loss and total comprehensive loss for the year	9	-	(274)	(274)
<b>Balance at 31 December 2019</b>		<b>1</b>	<b>(5,623)</b>	<b>(5,622)</b>
Loss and total comprehensive loss for the year	9	-	(274)	(274)
<b>Balance at 31 December 2020</b>		<b>1</b>	<b>(5,897)</b>	<b>(5,896)</b>

The notes on pages 8 to 16 form part of these financial statements.

## FUNDING CIRCLE ASSET FINANCE LIMITED

### Statement of financial position as at 31 December 2020

	Note	2020 £	2019 £
<b>Current assets</b>			
Cash and cash equivalents		114	150
<b>Total assets</b>		<b>114</b>	<b>150</b>
<b>Current liabilities</b>			
Trade and other payables	7	6,010	5,772
<b>Total liabilities</b>		<b>6,010</b>	<b>5,772</b>
<b>Equity</b>			
Share capital	8	1	1
Accumulated losses	9	(5,897)	(5,623)
<b>Total equity</b>		<b>(5,896)</b>	<b>(5,622)</b>
<b>Total equity and liabilities</b>		<b>114</b>	<b>150</b>


The notes on pages 8 to 16 form part of these financial statements.

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

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 5 to 16 were approved and authorised for issue on 21 June 2021. They were signed on behalf of the Board by:

DocuSigned by:  
  
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**L Jacobs**  
Director

Company registration number 07832868



# **FUNDING CIRCLE ASSET FINANCE LIMITED**

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## **Notes forming part of the financial statements for the year ended 31 December 2020**

### **1 Authorisation of financial statements and statement of compliance with FRS 101**

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

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

The Company's financial statements are presented in Sterling.

The results of Funding Circle Asset Finance Limited are included in the consolidated financial statements of Funding Circle Holdings plc which are available from 71 Queen Victoria Street, London, EC4V 4AY.

The principal accounting policies applied in the preparation of these financial statements 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 made a loss of £274 (2019 loss of £274) during the year ended 31 December 2020. The ultimate parent undertaking, 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 2020.

#### **Basis of preparation of financial statements**

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.

## FUNDING CIRCLE ASSET FINANCE LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

#### 2 Accounting policies (continued)

##### New standards, amendments and IFRIC interpretations

- a) *Standards and amendments to existing standards and interpretations effective on or after 1 January 2020 adopted by the Company*

The Company has adopted the following new and amended IFRSs and interpretations from 1 January 2020 on a full retrospective basis.

Standard/interpretation	Content	Applicable for financial years beginning on/after
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
Amendments to IFRS 3 Business Combinations, definition of a business	Business combinations	1 January 2020
Revised Conceptual Framework for Financial Reporting and 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
Amendments to IFRS 7, IFRS 9 and IAS 39 – Interest rate benchmark reform – Phase 1	Reliefs relating to interest rate benchmark reform	1 January 2020

The amendments and interpretations listed above did not significantly affect the current year and are not expected to significantly affect future years.

- b) *New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2020 and not early adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting years and have not been early adopted by the Company as follows.

Standard/interpretation	Content	Applicable for financial years beginning on/after
Amendments to IFRS 7, IFRS 9 and IAS 39 – interest rate benchmark reform – Phase 2	Reliefs relating to interest rate benchmark reforms	1 January 2021
Amendments to IFRS 16 -Covid-19 related Rent concessions	Leases	1 June 2020

## **FUNDING CIRCLE ASSET FINANCE LIMITED**

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### **Notes forming part of the financial statements for the year ended 31 December 2020 (continued)**

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

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

#### **Expenses**

Expenses include regulatory and tax compliance 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).

#### **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 profit or loss if they are held within a business model 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. 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.

## **FUNDING CIRCLE ASSET FINANCE LIMITED**

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### **Notes forming part of the financial statements for the year ended 31 December 2020 (continued)**

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

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.

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.

#### **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 ("ECL") (that is, expected losses arising from the risk of default in the next 12 months) are recognised and interest income 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 income 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 associated with its financial assets carried at amortised cost 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.

#### *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.

## **FUNDING CIRCLE ASSET FINANCE LIMITED**

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### **Notes forming part of the financial statements for the year ended 31 December 2020 (continued)**

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

##### *Financial liabilities*

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

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.

##### **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.

#### **3 Financial risk management**

The Board of directors have 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
- market risk (including currency risk, interest rate risk and other price risk)

## **FUNDING CIRCLE ASSET FINANCE LIMITED**

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### **Notes forming part of the financial statements for the year ended 31 December 2020 (continued)**

#### **3 Financial risk management (continued)**

##### **Principal financial instruments**

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

- cash and cash equivalents
- trade and other payables

##### *Financial instruments measured at amortised cost*

Financial instruments measured at amortised cost, rather than fair value, include cash and cash equivalents and trade and other payables. Due to their short-term nature, the carrying value of cash and cash equivalents and 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 cash and cash equivalents held at banks.

The fair value of cash and cash equivalents 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.

###### *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 position 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 is not exposed to cash flow and fair value interest rate risk with respect to financial instruments as it does not have any borrowings.

## FUNDING CIRCLE ASSET FINANCE LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

#### 3 Financial risk management (continued)

##### (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.

#### 4 Segmental analysis

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

#### 5 Operating loss

	2020	2019
	£	£
Loss for the year has been arrived after charging:		
Regulatory fees	35	35
Tax consultancy	239	239

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

#### 6 Income tax

The Company is subject to all taxes applicable to a commercial company in the United Kingdom. The UK business profits of the Company are subject to UK income tax at the prevailing basic rate of 19% (2019: 19%).

	2020	2019
	£	£
<b>UK income tax</b>		
Current tax on losses for the year	-	-
Total current tax	-	-
Total tax charge	-	-

#### Factors affecting the tax charge for the year:

	2020	2019
	£	£
Loss before tax	(274)	(274)
Taxation on loss on loss before tax at 19% (2019: 19%)	(52)	(52)
Effects of:		
Effects of group relief	-	52
Temporary differences not recognised	52	-
Tax charge for the year	-	-

## FUNDING CIRCLE ASSET FINANCE LIMITED

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

#### 6 Income tax (continued)

The statutory UK corporation tax rate is currently 19%, effective from 1 April 2017 (reduced from 20% previously). The UK Government announced on 11 March 2020 that the rate of corporation tax will remain at 19% from 1 April 2020. This measure (cancelling the enacted cut to 17%) was substantively enacted on 17 March 2020. 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.

#### *Recognition of deferred tax assets and liabilities*

The table below show the movement on deferred tax assets and liabilities unrecognised during the year and the makeup of opening and closing deferred tax assets and liabilities.

	2020	2019
	£	£
Carry forward losses	644	-
Unrecognised deferred tax asset	644	-

The Company has unrelieved tax losses of £3,391 (2019: £2,843) in respect of trading losses that are available for offset against future taxable profits. The Company has not recognised a deferred tax asset in respect of these losses as there is not sufficient visibility of suitable profits being generated to utilise these losses.

#### **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.

The UK Government announced on 3 March 2021 that the rate of corporation tax will be increased to 25% from 1 April 2023. This measure will be legislated in Finance Bill 2021 published on 11 March 2021. As such, it is not substantively enacted for the accounting year ended 31 December 2020 and deferred tax has been recognised at 19%. Although not substantively enacted, the effect of the announcement would increase its unrecognised deferred tax asset on carry forward losses as at 31 December 2020 by £204 to £848.

#### 7 Trade and other payables

	2020	2019
	£	£
<b>Current liabilities</b>		
<b>Trade and other payables</b>		
Accruals and deferred income	1,980	3,930
Amounts due to parent undertaking	4,030	1,842
	<u>6,010</u>	<u>5,772</u>

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

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



## **FUNDING CIRCLE ASSET FINANCE LIMITED**

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

#### **8 Share capital**

	2020	2019
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each:	<u>1</u>	<u>1</u>
<i>Called up, allotted and fully paid</i>		
Ordinary shares of £1 each:	<u>1</u>	<u>1</u>

#### **9 Accumulated losses**

	£
<b>Balance at 1 January 2019</b>	<b>(5,349)</b>
Loss for the year and total comprehensive loss for the year	(274)
<b>Balance as at 31 December 2019</b>	<b>(5,623)</b>
Loss for the year and total comprehensive loss for the year	(274)
<b>Balance as at 31 December 2020</b>	<b>(5,897)</b>

#### **10 Dividends per share**

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

#### **11 Controlling party**

Funding Circle Ltd, a company incorporated in the United Kingdom, and registered in England and Wales, is the immediate parent undertaking. The ultimate holding company and the parent undertaking of the largest group that presents group financial statements is Funding Circle Holdings plc, a company incorporated in the United Kingdom and registered in England and Wales.

Funding Circle Holdings plc's financial statements can be obtained from Companies House.

#### **12 Contingent liabilities**

There are no contingent liabilities at the balance sheet date.

#### **13 Post balance sheet events**

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