

REGISTERED NUMBER: 08007191 (England and Wales)

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021
FOR
ASSETZ CAPITAL LIMITED**

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for the Year Ended 31st March 2021

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ASSETZ CAPITAL LIMITED

COMPANY INFORMATION

for the Year Ended 31st March 2021

DIRECTORS:

Mr S A Law
Mr D M Penston
Mr C R Mellish
Mr M Wardrop
Mr A F Sheppard

REGISTERED OFFICE:

Assetz House
335 Styal Road
Manchester Green
Manchester
M22 5LW

REGISTERED NUMBER:

08007191 (England and Wales)

AUDITORS:

Kay Johnson Gee Limited
Chartered Accountants and Statutory Auditors
1 City Road East
Manchester
M15 4PN

GROUP STRATEGIC REPORT

for the Year Ended 31st March 2021

The directors present their Strategic Report for Assetz Capital Limited ("the group") for the year ended 31 March 2021.

REVIEW OF BUSINESS

The group is an FCA regulated, marketplace lending platform for property secured UK business lending. We originate property development loans, commercial mortgages, buy-to-let loans and bridging loans which are funded by a combination of retail, corporate and institutional investors via our proprietary marketplace technology. Our aim is to provide a stable and secure income producing asset class for all investors who engage with our platform and to address a funding gap in under-served UK SME Lending segments.

The group's revenues arise principally from fee income charged to borrowers for both facilitating and then servicing their loans.

The group has invested significantly in developing its proprietary marketplace technology which allows investors to quickly invest in loans matching their chosen criteria and achieve diversification across portfolios and aid liquidity if needed.

In addition, the group has credit knowledge and experience at its core having invested in people with extensive UK SME property backed lending experience to allow us to facilitate sustainable lending opportunities for investors.

Developments and performance during the year

In March 2020, when the COVID-19 pandemic caused significant financial market turmoil, the group took immediate steps to bring stability to the investment platform and suspend new lending temporarily. The group then quickly implemented a detailed and prudent cost control, revenue improvement and cash management exercise.

A number of initiatives were undertaken to ensure revenue generation continued during this period of uncertainty, the primary one being to obtain accreditation for the Coronavirus Business Interruption Loan Scheme in May 2020 to bring Government backed guarantees to our lending partners to allow substantial continued loan funding in that time of uncertainty. The CBILS loan scheme is supported by an institutional investor rather than the retail investment platform.

In July 2020, the group's parent company also launched a fourth crowd-funding round on the Seedrs platform, which was overfunded at close. The funding was matched pound for pound by the Government's Future Fund, bringing this round of investment in the group to just over £1.5m.

By September 2020 CBILS loans were starting to be deployed and for the remainder of the year to 31 March 2021, the group focused on originating and completing CBILS loans. The pandemic impacted loan origination across the length of the reporting period, with £160m in FY21, compared to £261m in FY20 but with over £200m of further CBILS lending to be carried out from that pipeline, post year-end, by the summer of 2021. This resulted in a 12 month lending run-rate for the second half of FY21 that was above all previous years.

Under the CBILS scheme, the group has been required to invest some of its own capital in the loans alongside its institutional partners. The Future Fund equity raise assists the funding of this co-investment which also helps improve our cost of funding.

Following the challenging few months at the beginning of the pandemic in 2020, the group restarted investment in additional headcount to support actual and further planned growth in loan origination, with average headcount increasing from 108 in FY20 to 119 in FY21. This has continued post year end.

GROUP STRATEGIC REPORT

for the Year Ended 31st March 2021

The directors monitor the progress of the group by reference to the following financial measures, alongside complementary KPIs:

	FY21	FY20
Outstanding Loan Book at period end	£321m	£392m
Loans Originated	£160m	£261m
Revenue	£15.2m	£16.2m
EBITDA pre exceptionals	£3.9m	£1.1m
Operating (Loss) / Profit post exceptionals	£2.5m	-£0.5m
Profit/(Loss) for the Financial Year	£2.1m	-£0.8m
Average Headcount	119	108

After a challenging year, the Directors are pleased with these results driven by the various cost and revenue management exercises performed throughout the period as described above.

PRINCIPAL RISKS AND UNCERTAINTIES

As custodian of loans originated for other investors, the group has significant resources dedicated to assessing and managing the risk that borrowers may default on their loans.

In addition to credit risk, the group manages other risks, including:

Liquidity risk

The risk that the group will not be able to meet its financial obligations as they fall due. This is managed by ensuring that there is always sufficient liquidity to meet liabilities when due both under normal and stressed conditions. The directors monitor the liquidity position on an ongoing basis.

Market risk

The group's business is the facilitation of property secured UK SME lending and the directors are aware that a general and persistent weakening of the UK economy and, in particular, property values, may impact on investor appetite for property secured loans. The group has sought to mitigate these risks by increasing its range of loan funding sources including institutional investors and also by maintaining a modest level of Loan to Value across the loan book.

Operational risk

The group maintains robust operational systems and controls through its investment in people, technology and the risk management framework. A risk committee reports regularly to the directors, and the group continues its development of a strong risk and compliance function.

Capital management

The group's objective when managing capital is to safeguard its ability to continue as a going concern (referred to in liquidity risk above) and to meet the FCA regulatory capital requirement. Financial performance is regularly reviewed by various committees within the business, focusing on the amount of regulatory and working capital needed. This is especially important as the business continues to expand. The process includes the monitoring of FCA returns as well as the annual budget and forecast process from which the cashflow and capital assessments and projections are made.

GROUP STRATEGIC REPORT

for the Year Ended 31st March 2021

FUTURE DEVELOPMENTS

The group has now completed its CBILS loans and commenced lending under the Recovery Loan Scheme. The retail platform has started to lend again following the suspension in March 2020, and a new arrangement with an institutional funder to support a drive into the Bridging loans market has been formalised.

The group is reviewing opportunities to be more involved in lending that is aligned with its corporate social responsibility agenda and continues to recruit candidates of the highest calibre to support its planned growth.

ON BEHALF OF THE BOARD:

Director

24th November 2021

REPORT OF THE DIRECTORS

for the Year Ended 31st March 2021

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2021.

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st April 2020 to the date of this report.

Mr S A Law
Mr D M Penston
Mr C R Mellish
Mr M Wardrop
Mr A F Sheppard

OTHER ACTIVITY

The principal activity of the group is that of a marketplace lender. The main focus is secured business and property lending to SME business borrowers. Whilst the majority of lending to date has been retail investor funded under our regulated activity, this has begun to rebalance in terms of cumulative lending with around 20% of all lending to date now institutionally funded and further alignment expected to continue in the following financial year.

In the early years of the business the group has carried out some non-property backed lending but this activity has been discontinued for some time. That minor part of the portfolio has experienced a number of defaults and is now being actively managed to achieve the best results for the third party lenders who funded those loans. The Directors are seeking to conclude matters such that there is no material impact on the group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union. 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 the group and of the profit or loss of the group 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

REPORT OF THE DIRECTORS

for the Year Ended 31st March 2021

AUDITORS

Under section 487(2) of the Companies Act 2006 Kay Johnson Gee Limited, will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

ON BEHALF OF THE BOARD:

Mr M Wardrop - Director

24th November 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ASSETZ CAPITAL LIMITED

Opinion

We have audited the financial statements of Assetz Capital Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st March 2021 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated , the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31st March 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 group's and the parent 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 in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ASSETZ CAPITAL LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Statement of Directors' Responsibilities set out on page five, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ASSETZ CAPITAL LIMITED

Auditors' 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 a Report of the Auditors 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.

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:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations we have considered the following:

- The nature of the industry and sector, control environment and business performance including the company's remuneration policies, key drivers for directors remuneration, bonus levels and performance targets;
- Results of the enquiries of management about their own identification and assessment of the risks of irregularities;
- Any matters we have identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of income. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ASSETZ CAPITAL LIMITED

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Roger Blaskey (Senior Statutory Auditor)
for and on behalf of Kay Johnson Gee Limited
Chartered Accountants and Statutory Auditors
1 City Road East
Manchester
M15 4PN

24th November 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Year Ended 31st March 2021

	Notes	2021 £	2020 £
CONTINUING OPERATIONS			
Revenue		15,202,540	16,230,624
Cost of sales		(3,059,652)	(4,894,848)
GROSS PROFIT		12,142,888	11,335,776
Other operating income		416,983	-
Administrative expenses		(10,032,407)	(11,873,600)
OPERATING PROFIT/(LOSS)		2,527,464	(537,824)
Finance costs	5	(802,922)	(567,956)
Finance income	5	23,854	24,266
PROFIT/(LOSS) BEFORE INCOME TAX	6	1,748,396	(1,081,514)
Income tax	7	359,464	286,432
PROFIT/(LOSS) FOR THE YEAR		2,107,860	(795,082)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Convertible options		134,399	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
		134,399	-
Items that may be reclassified subsequently to profit or loss:			
Income tax relating to items that may be reclassified subsequently to profit or loss		-	-
		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		134,399	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		2,242,259	(795,082)
Profit/(loss) attributable to:			
Owners of the parent		2,107,860	(795,082)
Total comprehensive income attributable to:			
Owners of the parent		2,242,259	(795,082)

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31st March 2021

	Notes	2021 £	2020 £
ASSETS			
NON-CURRENT ASSETS			
Owned			
Intangible assets	9	2,712,914	2,096,353
Property, plant and equipment	10	100,522	268,173
Right-of-use asset	11	1,434,319	1,654,983
Right-of-use			
Investments	12	-	-
Trade and other receivables	13	308,081	755,817
		<u>4,555,836</u>	<u>4,775,326</u>
CURRENT ASSETS			
Trade and other receivables	13	2,791,775	2,062,057
Cash and cash equivalents	14	13,735,592	8,292,511
		<u>16,527,367</u>	<u>10,354,568</u>
TOTAL ASSETS		<u>21,083,203</u>	<u>15,129,894</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	15	15,399	14,444
Share premium	16	7,284,598	5,396,441
Other reserves	16	134,399	-
Retained earnings	16	(3,721,947)	(5,829,807)
TOTAL EQUITY		<u>3,712,449</u>	<u>(418,922)</u>

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

31st March 2021

	Notes	2021 £	2020 £
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	17	2,418,763	4,291,527
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	1,561,153	1,854,668
Deferred tax	20	-	15,653
		<u>3,979,916</u>	<u>6,161,848</u>
CURRENT LIABILITIES			
Trade and other payables	17	13,104,331	9,101,912
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	286,108	285,056
Tax payable		399	-
		<u>13,390,838</u>	<u>9,386,968</u>
TOTAL LIABILITIES		<u>17,370,754</u>	<u>15,548,816</u>
TOTAL EQUITY AND LIABILITIES		<u>21,083,203</u>	<u>15,129,894</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24th November 2021 and were signed on its behalf by:

Mr M Wardrop - Director

COMPANY STATEMENT OF FINANCIAL POSITION

31st March 2021

	Notes	2021 £	2020 £
ASSETS			
NON-CURRENT ASSETS			
Owned			
Intangible assets	9	-	-
Property, plant and equipment	10	-	-
Right-of-use asset	11	-	-
Right-of-use			
Investments	12	10,183,143	9,183,143
		10,183,143	9,183,143
CURRENT ASSETS			
Trade and other receivables	13	11,275	11,124
Cash and cash equivalents	14	6,878	8,926
		18,153	20,050
TOTAL ASSETS		10,201,296	9,203,193
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	15	15,399	14,444
Share premium	16	7,284,598	5,396,441
Other reserves	16	134,399	-
Retained earnings	16	(2,328,795)	(1,782,254)
TOTAL EQUITY		5,105,601	3,628,631
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	17	2,418,763	4,291,527
CURRENT LIABILITIES			
Trade and other payables	17	2,676,932	1,283,035
TOTAL LIABILITIES		5,095,695	5,574,562
TOTAL EQUITY AND LIABILITIES		10,201,296	9,203,193

The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION - continued

31st March 2021

The financial statements were approved by the Board of Directors and authorised for issue on 24th November 2021 and were signed on its behalf by:

Mr M Wardrop - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Year Ended 31st March 2021

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1st April 2019	14,035	(5,034,725)	5,396,441	-	375,751
Deficit for the year	-	(795,082)	-	-	(795,082)
Total comprehensive loss	-	(795,082)	-	-	(795,082)
Issue of share capital	409	-	-	-	409
Balance at 31st March 2020	14,444	(5,829,807)	5,396,441	-	(418,922)
Profit for the year	-	2,107,860	-	-	2,107,860
Other comprehensive income	-	-	-	134,399	134,399
Total comprehensive income	-	2,107,860	-	134,399	2,242,259
Issue of share capital	955	-	1,888,157	-	1,889,112
Balance at 31st March 2021	15,399	(3,721,947)	7,284,598	134,399	3,712,449

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY

for the Year Ended 31st March 2021

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1st April 2019	14,035	(1,492,408)	5,396,441	-	3,918,068
Deficit for the year	-	(289,846)	-	-	(289,846)
Total comprehensive loss	-	(289,846)	-	-	(289,846)
Issue of share capital	409	-	-	-	409
Balance at 31st March 2020	14,444	(1,782,254)	5,396,441	-	3,628,631
Deficit for the year	-	(546,541)	-	-	(546,541)
Other comprehensive income	-	-	-	134,399	134,399
Total comprehensive loss	-	(546,541)	-	134,399	(412,142)
Issue of share capital	955	-	1,888,157	-	1,889,112
Balance at 31st March 2021	15,399	(2,328,795)	7,284,598	134,399	5,105,601

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the Year Ended 31st March 2021

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	21	5,561,704	3,368,135
Interest paid		(501,716)	(254,198)
Lease interest paid		(301,206)	(313,758)
Tax paid		359,464	301,698
Net cash from operating activities		<u>5,118,246</u>	<u>3,101,877</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(1,415,672)	(1,248,043)
Purchase of tangible fixed assets		(14,395)	(100,523)
Interest received		23,854	24,266
Net cash from investing activities		<u>(1,406,213)</u>	<u>(1,324,300)</u>
Cash flows from financing activities			
Payment of lease liabilities		(292,463)	(235,766)
Share issue		955	409
Convertible loan		134,399	-
Share premium		1,888,157	-
Net cash from financing activities		<u>1,731,048</u>	<u>(235,357)</u>
Increase in cash and cash equivalents		<u>5,443,081</u>	<u>1,542,220</u>
Cash and cash equivalents at beginning of year	22	8,292,511	6,750,291
Cash and cash equivalents at end of year	22	<u>13,735,592</u>	<u>8,292,511</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 31st March 2021

1. STATUTORY INFORMATION

Assetz Capital Limited is a private company limited by share capital, incorporated in England and Wales, registration number 08007191. The address of the registered office and principal place of business is Assetz House, Manchester Green, 335 Styal Road, Manchester, M22 5LW.

2. ACCOUNTING POLICIES

Basis of preparation

These annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

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 group'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 3.

The group maintains its books and records in sterling ("£") and presents its annual financial statements in conformity with United Kingdom laws and regulations.

Going concern

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 group's business activities together with the factors likely to affect its future development and position are set out in the principal activity and general business review section of the Strategic Report on page 3.

The group made a total comprehensive profit of £2,242,259 during the year ended 31 March 2021 (2020 loss: £795,082).

The financial statements are prepared on a going concern basis, as the directors are satisfied that the group has the resources to continue in business for the foreseeable future (which has been taken as 12 months from the date of approval of the financial statements). In making this assessment, the directors have considered the performance of the group and the provision of continuing financial support of the Parent and its ability to provide such support.

Having made appropriate enquiries, the directors consider that the group 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 the Parent and have therefore continued to adopt the going concern basis in preparing financial statements.

Basis of consolidation

The financial statements consolidate the accounts of Assetz Capital Limited and all of its subsidiary undertakings drawn up to 31st March each year.

All intra group transactions, balances, income and expenses are eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

2. ACCOUNTING POLICIES - continued

Changes in accounting policies

IFRS 16 Leases

The group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

As a lessee, the group leases a property. The group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the group. Under IFRS 16, the group recognises right-of-use assets and lease liabilities for most of these leases.

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Previously, the group classified property leases as operating leases under IAS17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rate as at 1 April 2019. Right of use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the group's incremental borrowing rate of initial application; or
- an amount equal to the lease liability, adjusted for by the amount of any prepaid or accrued lease payments.

Revenue recognition

Revenue represents fees receivable for the arranging and servicing of finance through the marketplace lending platform.

Revenue earned for the arrangement of finance is classified as arrangement fees and is recognised immediately once loans are fully funded on the marketplace, after the loans are accepted by the borrowers. Such fees are automatically deducted from the amount borrowed and recognised at that point as the group has the right to consideration.

Revenue earned from servicing of finance via the marketplace lending platform is recognised at the beginning of the contract to the extent of the minimum revenue entitlement to be contractually received by the group in relation to the loan agreement, and thereafter on receipt.

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the group's activities. All revenue recorded in the financial statements is generated in the UK and sourced from financing transactions. All fees are calculated based on the above revenue recognition policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

2. **ACCOUNTING POLICIES - continued**

Capitalised development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use; - management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell
- the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use over their estimated useful lives of five years. These items relate to the development of the group's technology platform.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on tangible fixed assets is charged to the profit and loss so as to write off their value, over their estimated useful lives, using the following methods:

Plant and machinery	- 25% on cost
Fixture and fittings	- 25% on cost
Computer equipment	- 25% on cost

Impairment of tangible assets

At each balance sheet date, the group reviews the carrying amounts of its fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets

The group determines the classification of its financial assets at initial recognition. From 1 April 2018 the requirements of IFRS 9 for classification and subsequent measurement have been applied which require financial assets to be classified based on the group'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 group 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 group 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 loans and receivables (from 1 April 2018: amortised cost). They are recognised at fair value and subsequently measured at amortised cost less provision for impairment.

Impairment of financial assets

The group applied the impairment requirements of IFRS 9. The IFRS 9 impairment model introduces 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 introduction of the 'expected credit loss' model has not significantly impacted the group's accounting as it does not have any complex financial instruments or material credit risks. The group uses its historical experience, external indicators and forward-looking information to calculate expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

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

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.

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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred tax assets for unused tax losses, tax credits and deductible temporary 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 tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

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 substantively 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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Pension obligations

The group operates a defined contribution pension scheme. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions payable to the group's pension scheme are charged to the Statement of comprehensive income in the period to which they relate. The group has no further payment obligations once the contributions have been paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

2. ACCOUNTING POLICIES - continued

Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

Provisions

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

Government grants

Government grants are recognised on the accrual model and are measured at fair value of the asset receivable. Grants are classified as relating either to other income or to assets. Grants related to other income are recognised in profit or loss over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

3. 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.

The following are the key sources of estimation uncertainty that the Directors have made in the process of applying the group's accounting policies and have the most significant effect on the amounts recognised in the financial statements:

Useful life of intangible assets

The assessment of the useful economic life of the group's internally developed and acquired software and licences is judgemental and can change due to obsolescence due to unforeseen technological developments, and other factors.

The useful life of licences represents management's view of the expected term over which the group will receive benefits from the software, and does not exceed the licence term.

For internally developed and acquired software the life is based on historical experience with similar products as well as anticipation of future events which may impact their useful economic life.

Financial risk management

The Board has overall responsibility for the establishment and oversight of the group's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and ensure any limits are adhered to.

The group's activities are reviewed regularly and potential risks are considered.

Risk factors

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

- Credit risk
- Liquidity risk

Principal financial instruments

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

- Loan due from and payable to related undertakings
- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Categorisation of financial assets and financial liabilities

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 loans and payables/receivables to/from related parties. Due to their short-term nature, the carrying value of each of the above financial instruments approximates to their fair value

The table shows the carrying amounts and fair values of financial assets and financial liabilities by category of financial instrument:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	£	£	£	£
Assets				
Trade and other receivables	3,099,856	3,099,856	2,817,874	2,817,874
Cash and cash equivalents	13,735,592	13,735,592	8,292,511	8,292,511
	<u>16,835,448</u>	<u>16,835,448</u>	<u>11,110,385</u>	<u>11,110,385</u>
Liabilities				
Trade and other payable	15,523,493	15,523,493	13,409,092	13,409,092
Interest bearing Loan	1,847,261	1,847,261	2,139,724	2,139,174
	<u>17,370,754</u>	<u>17,370,754</u>	<u>15,548,816</u>	<u>15,548,816</u>

Credit risk

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

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

	2021	2020
	£	£
Assets		
Trade and other receivables	3,099,856	2,817,874
Cash and cash equivalents	<u>13,735,592</u>	<u>8,292,511</u>
	<u>16,835,448</u>	<u>11,110,385</u>

Trade receivables of £2,452,762 (2020: £2,691,897) represent invoiced amount in respect of servicing fees due from borrowers. The risk of financial loss is deemed minimal because all funding are secured.

Ongoing credit evaluation is performed on the financial condition of other receivable and, where appropriate, a provision for impairment is recorded in the financial statements.

Individual risk limits for banks and financial institutions are set by external rating agencies. The credit risk on cash and cash equivalents is managed under the group's treasury policy that stipulates the limits and quantities that the group must remain within. No credit or counter party limits were exceeded during the year.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group'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 group's position.

The group's liquidity position is monitored and reviewed on an ongoing basis by the directors.

Capital management

The group's objective when managing capital is to safeguard its ability to continue as a going concern and to meet the FCA regulatory capital requirements. Financial performance is regularly reviewed by various committees in the business, focusing on the amount of regulatory and working capital needed. This is especially important as the business continues to expand. The process includes the monitoring of FCA returns as well as the annual budget and forecast process from which cashflow and capital assessments and projections are made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

4. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	5,303,304	5,201,494
Social security costs	746,003	792,888
Other pension costs	224,386	201,729
	<u>6,273,693</u>	<u>6,196,111</u>

The average number of employees during the year was as follows:

	2021	2020
Product & technology	17	15
Operations, support and administrative	102	93
	<u>119</u>	<u>108</u>

	2021	2020
	£	£
Directors' remuneration	<u>573,044</u>	<u>676,588</u>

Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	<u>146,250</u>	<u>142,500</u>

Amounts paid to key management personnel of the group were £783,811 (2020: £837,074).

5. NET FINANCE COSTS

	2021	2020
	£	£
Finance income:		
Deposit account interest	<u>23,854</u>	<u>24,266</u>
Finance costs:		
Other interest paid	17,896	12,939
Loan Interest	483,820	241,259
Leasing	<u>301,206</u>	<u>313,758</u>
	<u>802,922</u>	<u>567,956</u>
Net finance costs	<u>779,068</u>	<u>543,690</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

6. PROFIT/(LOSS) BEFORE INCOME TAX

The profit before income tax (2020 - loss before income tax) is stated after charging:

	2021	2020
	£	£
Cost of inventories recognised as expense	3,059,652	4,894,848
Depreciation - owned assets	402,710	395,973
Development costs amortisation	799,111	595,118
Auditors' remuneration	<u>21,000</u>	<u>21,000</u>

7. INCOME TAX

Analysis of tax income

	2021	2020
	£	£
Current tax:		
Tax	399	-
Corporation tax prior years	<u>(344,210)</u>	<u>(302,085)</u>
Total current tax	<u>(343,811)</u>	<u>(302,085)</u>
Deferred tax	<u>(15,653)</u>	<u>15,653</u>
Total tax income in consolidated statement of profit or loss and other comprehensive income	<u>(359,464)</u>	<u>(286,432)</u>

8. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(546,541) (2020 - £(289,846)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

9. INTANGIBLE ASSETS

Group

	Development costs £
COST	
At 1st April 2020	4,204,248
Additions	1,415,672
At 31st March 2021	<u>5,619,920</u>
AMORTISATION	
At 1st April 2020	2,107,895
Amortisation for year	799,111
At 31st March 2021	<u>2,907,006</u>
NET BOOK VALUE	
At 31st March 2021	<u>2,712,914</u>
At 31st March 2020	<u>2,096,353</u>

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1st April 2020	202,173	352,111	245,856	800,140
Additions	739	-	13,656	14,395
At 31st March 2021	<u>202,912</u>	<u>352,111</u>	<u>259,512</u>	<u>814,535</u>
DEPRECIATION				
At 1st April 2020	152,881	264,041	115,045	531,967
Charge for year	47,311	85,124	49,611	182,046
At 31st March 2021	<u>200,192</u>	<u>349,165</u>	<u>164,656</u>	<u>714,013</u>
NET BOOK VALUE				
At 31st March 2021	<u>2,720</u>	<u>2,946</u>	<u>94,856</u>	<u>100,522</u>
At 31st March 2020	<u>49,292</u>	<u>88,070</u>	<u>130,811</u>	<u>268,173</u>

The net book value of fixtures and fittings includes £nil (2020: £67,500) in respect of assets held under hire purchase contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

11. RIGHT-OF-USE ASSET

Group

**Total
£**

FAIR VALUE

At 1st April 2020
and 31st March 2021

1,875,648

DEPRECIATION

At 1st April 2020
Charge for year
At 31st March 2021

220,665

220,664

441,329

NET BOOK VALUE

At 31st March 2021
At 31st March 2020

1,434,319

1,654,983

12. INVESTMENTS

Company

**Shares in
group
undertakings
£**

COST

At 1st April 2020
Additions
At 31st March 2021

9,183,143

1,000,000

10,183,143

NET BOOK VALUE

At 31st March 2021
At 31st March 2020

10,183,143

9,183,143

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal Activity
Assetz SME Capital Limited	England and Wales	Ordinary	100%	Loan Agents
Assetz Development Capital	England and Wales	Ordinary	100%	Loan Agents
Assetz Provision Funding Limited	England and Wales	Ordinary	100%	Loan Agents

The above companies have a financial year end of 31st March, and their registered office is Assetz House, Manchester Green, 335 Styal Road, Manchester, M22 5LW.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Current:				
Trade debtors	2,144,681	1,936,080	-	-
Other debtors	518,818	73,342	11,275	11,124
Prepayments and accrued income	128,276	52,635	-	-
	<u>2,791,775</u>	<u>2,062,057</u>	<u>11,275</u>	<u>11,124</u>
Non-current:				
Trade debtors	308,081	755,817	-	-
Aggregate amounts	<u>3,099,856</u>	<u>2,817,874</u>	<u>11,275</u>	<u>11,124</u>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. Receivables from related undertakings are interest free and repayable on demand. No trade receivables were impaired.

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Cash in hand	580	580	-	-
Bank accounts	13,735,012	8,291,931	6,878	8,926
	<u>13,735,592</u>	<u>8,292,511</u>	<u>6,878</u>	<u>8,926</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2021	2020
Number:	Class:	Nominal Value	£	£
10,221,273	Ordinary A	0.1p	10,221	10,221
75,000	Ordinary F	0.1p	75	75
415,200	Ordinary G	0.1p	565	415
4,537,238	Ordinary O	0.1p	4,538	3,733
			<u>15,399</u>	<u>14,444</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

16. RESERVES

Group

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1st April 2020	(5,829,807)	5,396,441	-	(433,366)
Profit for the year	2,107,860			2,107,860
Cash share issue	-	1,888,157	-	1,888,157
Convertible options	-	-	134,399	134,399
At 31st March 2021	<u>(3,721,947)</u>	<u>7,284,598</u>	<u>134,399</u>	<u>3,697,050</u>

Company

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1st April 2020	(1,782,254)	5,396,441	-	3,614,187
Deficit for the year	(546,541)			(546,541)
Cash share issue	-	1,888,157	-	1,888,157
Convertible options	-	-	134,399	134,399
At 31st March 2021	<u>(2,328,795)</u>	<u>7,284,598</u>	<u>134,399</u>	<u>5,090,202</u>

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Current:				
Trade creditors	713,097	584,159	-	-
Amounts owed to group undertakings	-	-	330,945	95,045
Social security and other taxes	239,916	426,386	-	-
Other creditors	11,397,077	7,744,477	2,318,297	1,150,221
Accrued expenses	729,051	324,021	27,690	37,769
VAT	25,190	22,869	-	-
	<u>13,104,331</u>	<u>9,101,912</u>	<u>2,676,932</u>	<u>1,283,035</u>
Non-current:				
Other creditors	2,418,763	4,291,527	2,418,763	4,291,527
	<u>2,418,763</u>	<u>4,291,527</u>	<u>2,418,763</u>	<u>4,291,527</u>
Aggregate amounts	<u>15,523,094</u>	<u>13,393,439</u>	<u>5,095,695</u>	<u>5,574,562</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

18. FINANCIAL LIABILITIES - BORROWINGS

	Group	
	2021	2020
	£	£
Current:		
Leases (see note 19)	<u>286,108</u>	<u>285,056</u>
Non-current:		
Leases (see note 19)	<u>1,561,153</u>	<u>1,854,668</u>

Terms and debt repayment schedule

Group

	1 year or less	1-2 years	2-5 years	More than 5 years	Totals
	£	£	£	£	£
Leases	<u>286,108</u>	<u>281,160</u>	<u>549,976</u>	<u>730,017</u>	<u>1,847,261</u>

19. LEASING

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

19. LEASING - continued

Group

Lease liabilities

Minimum lease payments fall due as follows:

	2021 £	2020 £
Gross obligations repayable:		
Within one year	272,522	271,472
Between one and five years	823,322	824,143
In more than five years	730,017	1,011,281
	<u>1,825,861</u>	<u>2,106,896</u>
Finance charges repayable:		
Within one year	(13,586)	(13,584)
Between one and five years	(7,814)	(19,244)
	<u>(21,400)</u>	<u>(32,828)</u>
Net obligations repayable:		
Within one year	286,108	285,056
Between one and five years	831,136	843,387
In more than five years	730,017	1,011,281
	<u>1,847,261</u>	<u>2,139,724</u>

20. DEFERRED TAX

Group

	2021 £	2020 £
Balance at 1st April	15,653	-
Movement in the year	(15,653)	15,653
Balance at 31st March	<u>-</u>	<u>15,653</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 31st March 2021

21. **RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	2021	2020
	£	£
Profit/(loss) before income tax	1,748,396	(1,081,514)
Depreciation charges	1,201,821	991,091
Interest on right-of-use asset	-	316,935
Finance costs	802,922	567,956
Finance income	(23,854)	(24,266)
	<u>3,729,285</u>	<u>770,202</u>
(Increase)/decrease in trade and other receivables	(281,982)	406,259
Increase in trade and other payables	<u>2,114,401</u>	<u>2,191,674</u>
Cash generated from operations	<u>5,561,704</u>	<u>3,368,135</u>

22. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31st March 2021

	31/3/21	1/4/20
	£	£
Cash and cash equivalents	<u>13,735,592</u>	<u>8,292,511</u>

Year ended 31st March 2020

	31/3/20	1/4/19
	£	£
Cash and cash equivalents	<u>8,292,511</u>	<u>6,750,291</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.