

**Company Registration No. 08178576 (England and Wales)**

**Folk2Folk Limited**

**Annual report and financial statements  
for the year ended 31 January 2022**

**Folk2Folk Limited**

**Company information**

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<b>Directors</b>	Louis Mathers Timothy Sawyer Roy Warren Megan McCracken Alexander Daly Justin Abbott Chalew Graham Dingle
<b>Company number</b>	08178576
<b>Registered office</b>	Number One Business Centre Western Road Launceston Cornwall PL15 7FJ
<b>Independent auditor</b>	Saffery Champness LLP St Catherine's Court Berkeley Place Clifton Bristol BS8 1BQ

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**Folk2Folk Limited**

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## **Folk2Folk Limited**

### **Strategic report**

**For the year ended 31 January 2022**

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The directors present the strategic report for the year ended 31 January 2022.

#### **Fair review of the business**

2021 continued to be a challenging year with most staff continuing working from home. It has always been our intent to “keep the doors open” during this difficult time and maintain stability and confidence with our Borrowers and Investors. We have maintained confidence with our investors and have seen an increase in new lender funds to support continue growth in our loan book.

Some of our key achievements:

- Firstly, we surpassed £500m in cumulative lending.
- Secondly, we kept constant lending volumes resulting in an almost doubling of our profits to just under £2M.
- Thirdly, we paid our first dividend to shareholders via Folk Group Limited.
- Finally, we have made good strides in implementing our new loan management system and hopeful for “go live” in the first quarter of our new financial year.

Aside from these business landmarks, we continue to keep an eye on the future and are in the final stages of completing our next 3 year strategic plan.

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

We are proud of our accomplishments so far, but recognise that the current difficulties are not over and the likelihood of more distressed borrowers is in clear focus. Default rates are at an acceptable level and below industry standards. Without doubt the strong property sector has helped our portfolio performance. Our ongoing portfolio management assists us in keeping ahead of the game and minimises unexpected shocks. However, there are significant clouds on the horizon, rising interest rates, inflation, and global instability. Whilst we are confident of the continued growth of this business, these external factors could impact our progress in 2022. We are re-doubling our efforts on strengthening our credit skills to ensure we make well informed decisions and evermore cautious about refinance proposals being passed to us.

Institutional funding continues to be a challenge and we remain positive of finding the right partners during 2022, to share the exciting journey ahead of us. 2022 is naturally going to be cautious but the first quarter has shown robust trading performance.

#### **Future developments**

Our core strategies:

1. Enhancing technology to deliver for the digital marketplace and improve efficiency for our existing customers. Best in class customer service provider.
2. Provide for the underserved regions of our economy via institutional funding.
3. Empowering our own Folks by stimulating a proactive working environment.

We are an ambitious company, based on ethical principles, determined to make a difference to provide those regions of our economy with the funding they need to grow. In addition, maintain a financially strong platform to give investors confidence in our business.

**Folk2Folk Limited**

**Strategic report (continued)**  
**For the year ended 31 January 2022**

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On behalf of the board

Louis Mathers  
**Director**

25 May 2022

## **Folk2Folk Limited**

### **Directors' report**

**For the year ended 31 January 2022**

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The directors present their annual report and financial statements for the year ended 31 January 2022.

#### **Principal activities**

The principal activity of the company continued to be that of a marketplace lender.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Louis Mathers  
Timothy Sawyer  
Roy Warren  
Megan McCracken  
Alexander Daly  
Justin Abbott Chalew  
Graham Dingle

#### **Auditor**

Saffery Champness LLP have expressed their willingness to continue in office.

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

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Folk2Folk Limited**

**Directors' report (continued)**  
**For the year ended 31 January 2022**

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**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

**Small companies exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Louis Mathers  
**Director**

25 May 2022

## **Folk2Folk Limited**

### **Independent auditor's report**

**To the members of Folk2Folk Limited**

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#### **Opinion**

We have audited the financial statements of Folk2Folk Limited (the 'company') for the year ended 31 January 2022 which comprise the income statement, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

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

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

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

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



**Independent auditor's report (continued)**

**To the members of Folk2Folk Limited**

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**Other information**

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

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

We have nothing to report in this regard.

**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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

**Identifying and assessing risks related to irregularities:**

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, FCA regulations and UK Tax legislation.

**Audit response to risks identified**

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

**Folk2Folk Limited**

**Independent auditor's report (continued)**

**To the members of Folk2Folk Limited**

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During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

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

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

**Use of our report**

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

**Neil Davies (Senior Statutory Auditor)**

**For and on behalf of Saffery Champness LLP**

25 May 2022

**Chartered Accountants**

**Statutory Auditors**

St Catherine's Court  
Berkeley Place  
Clifton  
Bristol  
BS8 1BQ

**Folk2Folk Limited**

**Income statement**

**For the year ended 31 January 2022**

	<b>Year ended 31 January 2022 £</b>	<b>Period ended 31 January 2021 £</b>
<b>Turnover</b>	4,936,652	3,425,548
Cost of sales	(627,802)	(232,087)
<b>Gross profit</b>	4,308,850	3,193,461
Administrative expenses	(2,347,268)	(2,139,215)
Other operating income	7,978	53,003
<b>Profit before taxation</b>	1,969,560	1,107,249
Tax on profit	-	1,746
<b>Profit for the financial year</b>	1,969,560	1,108,995

**Folk2Folk Limited**

**Statement of financial position**

**As at 31 January 2022**

		<b>2022</b>		<b>2021</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Intangible assets	<b>5</b>		903,999		200,353
<b>Current assets</b>					
Debtors	<b>7</b>	1,761,868		891,091	
Cash at bank and in hand		1,852,862		1,260,548	
		<u>3,614,730</u>		<u>2,151,639</u>	
<b>Creditors: amounts falling due within one year</b>	<b>8</b>	<u>(536,418)</u>		<u>(338,521)</u>	
<b>Net current assets</b>			<u>3,078,312</u>		<u>1,813,118</u>
<b>Total assets less current liabilities</b>			<u><u>3,982,311</u></u>		<u><u>2,013,471</u></u>
<b>Capital and reserves</b>					
Called up share capital	<b>10</b>		21,945		21,945
Share premium account			4,070,672		4,070,672
Share option reserve			45,024		45,744
Profit and loss reserves			<u>(155,330)</u>		<u>(2,124,890)</u>
<b>Total equity</b>			<u><u>3,982,311</u></u>		<u><u>2,013,471</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 25 May 2022 and are signed on its behalf by:

Louis Mathers  
**Director**

**Company Registration No. 08178576**

**1 Accounting policies**

**Company information**

Folk2Folk Limited is a private company limited by shares incorporated in England and Wales. The registered office is Number One Business Centre, Western Road, Launceston, Cornwall, PL15 7FJ.

**1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

**1.2 Going concern**

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. The directors are not aware of material uncertainties which may cause doubt on the company's ability to continue as a going concern.

**1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for services provided to customers for peer to peer lending.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

**1.4 Research and development expenditure**

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related projects.

**1.5 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

**Notes to the financial statements (continued)**  
**For the year ended 31 January 2022**

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**1 Accounting policies (continued)**

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website	25% straight line
Patents & licences	10-33% straight line
Software development	25% straight line

**1.6 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% straight line
Office equipment	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**1.7 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the 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 an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**1.8 Cash at bank and in hand**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.9 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**1 Accounting policies (continued)**

***Basic financial assets***

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**1.10 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.



**1 Accounting policies (continued)**

**1.11 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1 Accounting policies (continued)**

**1.14 Share-based payments**

The share options programme allows employees to acquire shares of the parent company Folk Group Limited. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employee becomes unconditionally entitled to the options. The fair value of the options granted is measured based on market values at the date of grant, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that are vesting.

Where the Company's parent grant rights to its equity instruments to the Company's employees, which are accounted for as equity-settled in the accounts of the parent, the Company accounts for these share-based payments as equity settled.

**1.15 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

**1.16 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

During the year the company received money through the Coronavirus job retention scheme (CJRS). This has been recognised in other operating income. Wages continue to be recognised at their gross value. The recognition point for this income is the month in which the wage cost is recognised.

## 2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Share-based payments

In order to calculate the charge for share-based payments as required by FRS 102, the company makes estimates principally relating to the assumptions used in its option-pricing model. Refer to note 9 for details on valuation of share-based payments, including options granted.

#### Provisions

In order to calculate a provision as required by FRS102, the company makes estimates relating to the timing and value of any expected liability.

## 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Total	37	37

## 4 Directors' remuneration

	2022 £	2021 £
Remuneration paid to directors	282,933	297,582

Folk2Folk Limited

Notes to the financial statements (continued)  
For the year ended 31 January 2022

5 Intangible fixed assets

	Website	Patents & licences	Software development	Total
	£	£	£	£
<b>Cost</b>				
At 1 February 2021	75,805	12,058	493,358	581,221
Additions - internally developed	-	-	717,551	717,551
Disposals	(34,255)	-	-	(34,255)
At 31 January 2022	41,550	12,058	1,210,909	1,264,517
<b>Amortisation and impairment</b>				
At 1 February 2021	66,874	7,084	306,910	380,868
Amortisation charged for the year	8,931	4,974	-	13,905
Disposals	(34,255)	-	-	(34,255)
At 31 January 2022	41,550	12,058	306,910	360,518
<b>Carrying amount</b>				
At 31 January 2022	-	-	903,999	903,999
At 31 January 2021	8,931	4,974	186,448	200,353

The company has capitalised software development expenditure as part of the development of a new cloud based system. No amortisation has been charged on this addition during the current period because the asset is still under construction.

Folk2Folk Limited

Notes to the financial statements (continued)  
For the year ended 31 January 2022

6 Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>			
At 1 February 2021	6,346	40,966	47,312
Disposals	(2,854)	(40,966)	(43,820)
At 31 January 2022	3,492	-	3,492
<b>Depreciation and impairment</b>			
At 1 February 2021	6,346	40,966	47,312
Eliminated in respect of disposals	(2,854)	(40,966)	(43,820)
At 31 January 2022	3,492	-	3,492
<b>Carrying amount</b>			
At 31 January 2022	-	-	-
At 31 January 2021	-	-	-

7 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	447,981	208,036
Other debtors	1,028,772	377,962
Prepayments and accrued income	285,115	305,093
	1,761,868	891,091

8 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	93,062	82,953
Taxation and social security	150,493	28,815
Other creditors	292,863	226,753
	536,418	338,521

**Notes to the financial statements (continued)**  
**For the year ended 31 January 2022**

**9 Share-based payment transactions**

Certain employees of the Company participate in the share incentive schemes operated by the parent company Folk Group Limited, providing shares in the ultimate parent company.

The fair value of the options is calculated based on the Black Scholes valuation model and assumptions as determined by management at the date of grant of the share options.

	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 February 2021	1,676	1,676	75.59	75.79
Granted	4,975	-	16.61	-
Exercised	(100)	-	56.14	-
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Outstanding at 31 January 2022	6,551	1,676	32.00	75.79
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Exercisable at 31 January 2022	1,076	1,176	59.47	59.47
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>

The options outstanding at 31 January 2022 had an exercise price ranging from £3.91 to £200.

The share options granted on 11 November 2015 are exercisable after a vesting period ranging between 2 and 3.5 years. The options are then exercisable by the employee up to November 2025.

The share options granted on 12 October 2016 are exercisable after a vesting period ranging between 3 and 3.5 years. The options are then exercisable by the employee up to October 2026.

The share options granted on 24 January 2020 are exercisable after a vesting period of 3 years. The options are then exercisable by the employee up to January 2030.

The share options granted on 12 January 2022 are exercisable in the event of a sale of Folk2Folk Limited. The options are then exercisable by the employee for 90 days.

**Liabilities and expenses**

During the year, the company recognised total share-based payment expenses of £(720) (2021: £2,990) which related to equity settled share based payment transactions.

**Notes to the financial statements (continued)**  
**For the year ended 31 January 2022**

**10 Called up share capital**

	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
ordinary 'A' shares of £1 each	13,330	13,330	13,330	13,330
ordinary 'B' shares of £1 each	2,655	2,655	2,655	2,655
ordinary 'C' shares of £1 each	1,770	1,770	1,770	1,770
ordinary 'D' shares of £1 each	1,770	1,770	1,770	1,770
ordinary 'E' shares of £1 each	885	885	885	885
ordinary 'F' shares of £1 each	885	885	885	885
ordinary 'G' shares of £1 each	650	650	650	650
	<u>21,945</u>	<u>21,945</u>	<u>21,945</u>	<u>21,945</u>
	<u><u>21,945</u></u>	<u><u>21,945</u></u>	<u><u>21,945</u></u>	<u><u>21,945</u></u>

Share classes A-F are non redeemable shares which have full voting, equity and dividends rights.

Share class G are non redeemable, non voting shares which have full equity and dividends rights.

**11 Operating lease commitments****Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Within one year	42,335	93,351
Between one and two years	3,455	39,736
	<u>45,790</u>	<u>133,087</u>
	<u><u>45,790</u></u>	<u><u>133,087</u></u>

**12 Related party transactions**

The company has taken advantage of the exemption provided by FRS102 to not disclose transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transactions is wholly owned by such a member.

During the year £84,737 (2021: £78,195) was invoiced by related parties in connection with services provided.

A key management personnel member, acts as a lender and issued funds to a peer-to-peer borrower through the company. The company generates income on the borrower's loan.

**13 Parent company**

The company's immediate parent is Folk Group Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is Folk Group Limited. These financial statements are available upon request from Companies House.



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