

Registered number: 08668507

LANDBAY PARTNERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021



LANDBAY PARTNERS LIMITED

COMPANY INFORMATION

Directors	M P Baptista J H Cork J R Goodall J M Jenkins G M Stern A J Ward
Company secretary	R Bhopal
Registered number	08668507
Registered office	60 7th Floor Buckingham Palace Road London SW1W 0AH
Independent auditor	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor 25 Moorgate London EC2R 6AY

LANDBAY PARTNERS LIMITED

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LANDBAY PARTNERS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their Strategic Report on Landbay Partners Limited ('the Company') for the year ended 31 December 2021.

Review of the business

Principal activities and business review:

The Company operates a technology-driven platform which allows it to originate and service mortgages on behalf of other financial institutions (FIs). The latter provide funding for all loans originated and hold all credit risk. All lender funds are held in segregated Client Accounts. Origination is focused on the Prime Specialist Buy-To-Let (BTL) Market and lending to borrowers (predominantly experienced landlords and professional investors) in the form of residential mortgages to purchase or to refinance BTL properties.

Highlights

- Revenue Growth of 75%
- Managed Loan book growth of 63% and annual originations growth of 108%
- Added 2 new strategic funding partners to the platform
- Awarded a 3-star accreditation representing world-class levels of employee engagement
- Achieved a Trustpilot Score of 4.8
- Became a certified Carbon Neutral business

Business Model

Landbay originates, underwrites, and manages BTL mortgages on behalf of institutional Investors. Landbay's vision is to become the go-to funding partner the private rented sector. Landbay operates a platform model and does not lend its own capital. Landbay derives revenue both from fees at loan inception and from recurring margin throughout the loan term.

All lending is directly secured by a first legal charge over the property, held in trust by a Security Trustee, across whole loans.

Over the course of 2021, two additional institutional partners signed agreements to fund mortgages on the platform. Both these FIs are UK deposit-taking banks. This further deepens and diversifies the funding to which Landbay has access. The additional lending capital provided by these partners is expected to enable the firm to increase annual origination volumes (flow) and the managed loan book (stock) materially over the course of 2022. The firm now has 5 funding partners who operate a range of business models – this diversity is an important feature of the resilience baked into the Company's business model.

During 2021 Landbay saw strong revenue growth of 75%, supported by a rebound in the mortgage market from a pandemic-affected 2020. UK Finance estimates that gross BTL lending in 2021 was £45.6bn (£38.3bn 2020), largely driven by a healthy purchase market. The outstanding stock of BTL mortgages in the UK was £279bn up from £271bn in 2020. Landbay's mortgages under management grew by over 55% to £985m. Landbay expects to at least maintain this level of growth in 2022 based on a strong pipeline at year-end and the increase in funding partners.

LANDBAY PARTNERS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Risks and uncertainties:

The Company is not exposed to direct credit risk. Funding partners retain beneficial interest in the loans with the Company acting as agent in facilitation and administration of the loans. All loans are subject to stringent credit and affordability criteria, secured against residential properties valued by an external firm of surveyors, who are subject to independent selection and monitoring by a Panel Manager. In the unlikely event of a borrower defaulting on repayments which cannot be recovered, as a last resort the property is managed through receivership or repossessed to repay the original loan capital plus arrears and costs, though this may still result in a shortfall. In common with the broader market, interest rate, liquidity and economic risks may affect revenue and loan performance.

Since inception in 2014 credit losses on any Landbay originated mortgages have been zero.

Key macro risks that can adversely affect Landbay's markets and business include:

- Changes in interest rates;
- Lack of liquidity and tighter lending criteria;
- Slowdown in the residential housing market;
- Slowdown in the private rental market;
- Changes in taxation policies and regulation;
- Contagion from failure of other lending platforms or non-bank lenders; and
- Failure or capacity of third-party partners impacting service levels.

The above list of risks is meant to highlight, in addition to any noted elsewhere in this report, those considered most relevant today and is not intended to be an exhaustive list of risks facing the business.

In addition to the regular Board and Executive Management meetings, the Company maintains Corporate Governance through various Governance Committees, including a Credit Committee, Risk and Controls Committee and Treasury and Financial Committee. These comprise stakeholders from across the business, are chaired by members of Senior Management, and are accountable to the Board according to the Company's Risk Policies and Mandates.

Funding

The business continued to invest in its technology and people and raised equity during the year from both existing and new investors to enable it to do so. The total raised during the year was £3.7m. The business maintained a strong financial position at the year-end with positive cash reserves and with no debt on its balance sheet.

Loan Book

	2021	2020
Originations	£437,299,609 on 2,173 loans	£209,449,053 on 879 loans
Mortgages under management	£984,762,137 on 4,285 loans	£602,865,942 on 2,368 loans

The Company was able to improve service by increasing the processing efficiency from application to completion. It also improved diversification and affordability of its products, both in terms of geographical distribution as well as rental coverage.

The specialist segment of the overall buy-to-let market continued to grow strongly, driven by professionalising of the sector following regulatory and tax changes. Landbay continues to build a scalable, technology enabled and service focused lender with the aim of becoming the leading specialist BTL lender in the UK.

LANDBAY PARTNERS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Landbay has built strong origination capabilities through the intermediary channel. We were delighted to be recognised as BTL Lender of the year at four separate award ceremonies - The Specialist Finance Awards, The Mortgage Strategy Awards, What Mortgage Awards, and, for the fourth year running, The Mortgage Introducer Awards. Over the course of 2021 we increased the number of intermediary firms that are registered on our platform by 38% to just under 3,000 and the feedback that we get from them is generally extremely positive – at year-end our Trustpilot Score of 4.8/5.0 is one of the highest in the mortgage industry.

Landbay has a strong and experienced lending and management team and is a member of the Intermediary Mortgage Lenders Association and UK Finance.

Regulatory and ESG

The Company currently remains authorised by the FCA to operate an electronic platform relating to lending, although this is not mandatory for institutional lending activities.

During 2021 Landbay worked with Carbon Neutral Britain and achieved Carbon Neutral certification having measured its scope 1,2 & 3 emissions and offset the resultant CO2E via the Climate Fund Portfolio of certified carbon reduction projects around the world. The firm also launched its first Green Mortgage products, providing owners of properties that meet an energy efficiency rating of A-C access to a range of Landbay mortgages at a reduced Interest rate. These proved to be extremely popular and should encourage Landlords to improve the energy efficiency of the properties that they own.

In 2021 we have continued to support and engage with employees. We have invested time and effort in support the wellbeing of our staff, we have an Employee Assistance Programme allowing staff access to round the clock professional mental health support, 20 trained mental health first aiders across the business, weekly wellbeing events and policies to support staff wellbeing including wellbeing leave days and more recently, miscarriage leave.

The above has resulted in Landbay being top-5 rated in the best places to work awards within the financial services sectors and a 3-star accreditation representing world class levels of workplace engagement. Attrition levels and Bradford Factor Scores are significantly below industry norms.

In common with high growth businesses the loss incurred in the year is driven by the Company's continuing investment in people, infrastructure, and processes. As mentioned earlier, the Company anticipates further strong growth with the business moving into profitability and the generation of free cash flow from operations.

LANDBAY PARTNERS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' statement of compliance with duty to promote the success of the Company

The directors of the Company must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so have regard amongst other matters) to:

The likely consequences of any decisions in the long-term;

- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.

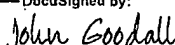
The Company's directors have considered the above as detailed below:

- The likely consequences of any decisions in the long-term - The Executive Committee undertake monthly meetings in which the performance against budget and strategic plans of the business are considered in detail. The strategic goals are then discussed at regular Board meetings 6-8 times a year which are attended by the directors. Certain matters are reserved for the Board. In making decisions concerning the ongoing operation of the business, the directors and the management team have regard to a variety of matters including the interests of its ultimate shareholders and the consequences of its decisions and the long-term reputation of the business.
- The interests of the Company's employees - The directors are committed to ensuring a responsible business and to ensuring a behaviour which is aligned with the expectations of staff. Employee performance is monitored closely by the Board and remuneration of employees is aligned to the objectives of the Company. The Remuneration Committee assess and approve Executive remuneration under formal Terms of Reference.
- The need to foster the Company's business relationships with suppliers, customers and others – The Executive management committee discuss any client complaints and supplier matters on a monthly basis and sooner if required. Beyond the management meetings there are regular Committees and team and departmental meetings, which the directors attend, where relationships, service levels and commitments with key third party providers are discussed.
- The impact of the Company's operations on the community and environment – The Company supports good causes and the welfare of our wider community with several fundraising initiatives throughout the year, including a Homeless Charity, which the directors' believe is an important contribution, not only financially, but other areas such as skills and employment.
- The desirability of the Company maintaining a reputation for high standard of business conduct - The board sets out the values and standards required of all employees in the staff handbook. All employees and directors sign to confirm that they have read and understood the content of the handbook.
- The need to act fairly as between shareholders of the Company - The directors are committed to openly engaging with the Company's shareholders and recognise the importance of a continuing effect dialogue. The directors ensure that shareholders understand the Company's strategy and objectives, through quarterly Investor Updates, in addition to regular news flow through other channels.

LANDBAY PARTNERS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

This report was approved by the board and signed on its behalf.

DocuSigned by:

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J R Goodall
Director

Date: 26 April 2022

LANDBAY PARTNERS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

Results and dividends

The loss for the year, after taxation, amounted to £2,507,610 (2020 - £2,279,008).

The directors do not recommend a future payment of a dividend (2020 - £Nil).

Directors

The directors who served during the year were:

M P Baptista
J H Cork
J R Goodall
J M Jenkins
G M Stern
A J Ward

Funding

As described in the Strategic Report, the directors raised £3.7m during the year.

Future developments

Whilst the overall BTL market is expected to show modest growth, the specialist mortgage market is expected to continue growing strongly. Projected growth in the private rental market with strong appetite from professional landlords combined with ongoing supply restrictions will continue to underpin lending.

Employees

The directors recognise the benefits which accrue from keeping employees informed on the progress of the business and involving them in the Company's performance. The Company is committed to providing equality of opportunity to all employees regardless of nationality, ethnic origin, age, sex or sexual orientation and continues to be supportive of the employment and advancement of disabled persons.

Health, safety and the environment

The directors consider the health, safety and environmental protection aspects of the business to be of great importance, as the prevention of personal injury, the avoidance of damage to health and the protection of the environment are important business and social responsibilities. Management practices within the Company are designed to ensure so far as is reasonably practicable, the health, safety and welfare at work of employees, contractors and visitors and the implementation of environmentally aware and friendly policies.

LANDBAY PARTNERS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Going concern

At the year end the Company had made a total comprehensive loss for the year of £2,507,610 (2020 - £2,279,008). In assessing the Company's going concern status, the directors have considered the trading results since the year end, forecasted lending levels, the profit and loss forecast and the cash flow forecast and are confident that the Company has adequate resources to be able to support growth, working capital commitments, regulatory capital requirements, committed capital expenditure and to meet its obligations as they fall due for the foreseeable future.

Accordingly, the financial statements have been prepared on a going concern basis which the directors consider appropriate in the circumstances.

Disclosure of information to auditor

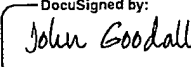
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:

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J R Goodall
Director

Date: 26 April 2022

LANDBAY PARTNERS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements, in accordance with applicable law.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

LANDBAY PARTNERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LANDBAY PARTNERS LIMITED

Opinion

We have audited the financial statements of Landbay Partners Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the 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 UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with applicable law and UK adopted international accounting standards; 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.

LANDBAY PARTNERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LANDBAY PARTNERS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. 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.

Opinion 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.

LANDBAY PARTNERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LANDBAY PARTNERS LIMITED (CONTINUED)

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 or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 10, 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 extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained a general understanding of the Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations and how management identify breaches of the applicable Financial Conduct Authority (FCA) rules. We also drew on our existing understanding of the Company's industry and regulation.

We understand that the Company complies with requirements of the framework through:

- The directors managing and overseeing a compliance function;
- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly and are considered at Board meetings.

LANDBAY PARTNERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LANDBAY PARTNERS LIMITED (CONTINUED)

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Company's ability to conduct its business and where failure to comply could result in material penalties.

We have identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and international accounting standards in respect of the preparation and presentation of the financial statements; and
- The UK regulatory principles, including those governed by the Financial Conduct Authority (FCA).

To gain evidence about compliance with the significant laws and regulations above we reviewed the Company's breaches register, reviewed board meeting minutes, inspected correspondence with the FCA relating to the year and obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were the risk of manipulation of the financial statements through manual journal entries, incorrect recognition of revenue valuation of capitalised software costs and the going concern basis of preparation of the financial statements. These areas were communicated to the other members of the engagement team who were not present at the discussion. The procedures we carried out to gain evidence in the above areas included;

- Testing of a sample of revenue transactions to underlying documentation;
- Testing of a sample of manual journal entries, selected through applying specific risk assessments based on the Company's processes and controls surrounding manual journal entries;
- Testing a sample of additions of capitalised software costs, through to underlying documentation; and
- Reviewing management's going concern assessment, together with the underlying assumptions and forecasts, challenging the appropriateness of the key assumptions and considering the impact of adverse performance compared to forecast, including potential mitigating actions.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.

Nexia Smith & Williamson

Jonathan Wiseman (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants
Statutory Auditor

25 Moorgate
London
EC2R 6AY
Date: 26 April 2022

LANDBAY PARTNERS LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Revenue	5	14,178,172	8,037,288
Cost of sales		(5,352,348)	(2,848,500)
Gross profit		<u>8,825,824</u>	<u>5,188,788</u>
Other income	6	40,717	1,017,617
Administrative expenses		(12,093,868)	(8,975,161)
Finance expense	10	(78,329)	(83,275)
Loss before tax		<u>(3,305,656)</u>	<u>(2,852,031)</u>
Taxation	11	798,046	573,023
Loss for the year		<u>(2,507,610)</u>	<u>(2,279,008)</u>

All income relates to continuing operations.

The notes on pages 20 to 38 form part of these financial statements.

LANDBAY PARTNERS LIMITED
REGISTERED NUMBER: 08668507

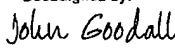
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Assets			
Non-current assets			
Property, plant and equipment	12	1,515,356	1,917,948
Intangible assets	13	3,688,977	3,157,615
Trade and other receivables	14	232,560	321,312
		<u>5,436,893</u>	<u>5,396,875</u>
Current assets			
Trade and other receivables	14	1,498,307	1,087,181
Cash and cash equivalents		1,862,987	1,013,494
		<u>3,361,294</u>	<u>2,100,675</u>
Total assets		<u>8,798,187</u>	<u>7,497,550</u>
Liabilities			
Non-current liabilities			
Bank loan		45,276	50,000
Finance lease liability		724,248	1,239,451
		<u>769,524</u>	<u>1,289,451</u>
Current liabilities			
Trade and other liabilities	16	2,784,208	2,188,551
Finance lease liability	18	765,100	783,645
		<u>3,549,308</u>	<u>2,972,196</u>
Total liabilities		<u>4,318,832</u>	<u>4,261,647</u>
Net assets		<u>4,479,355</u>	<u>3,235,903</u>
Issued capital and reserves			
Share capital	16	2,386	2,264
Share premium reserve	17	20,195,038	16,444,098
Retained earnings	17	(15,718,069)	(13,210,459)
Total equity		<u>4,479,355</u>	<u>3,235,903</u>

LANDBAY PARTNERS LIMITED
REGISTERED NUMBER: 08668507

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements have been approved and authorised for issue by the board of directors and were signed on its behalf by:

DocuSigned by:

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J R Goodall

Director

Date: 26 April 2022

The notes on pages 20 to 38 form part of these financial statements.

LANDBAY PARTNERS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 January 2020	2,211	15,280,562	(10,931,451)	4,351,322
Comprehensive income for the year				
Loss for the year	-	-	(2,279,008)	(2,279,008)
	-	-	(2,279,008)	(2,279,008)
Total comprehensive income for the year				
Contributions by and distributions to owners				
Issue of share capital	53	1,163,536	-	1,163,589
	53	1,163,536	-	1,163,589
Total contributions by and distributions to owners				
At 31 December 2020	2,264	16,444,098	(13,210,459)	3,235,903
At 1 January 2021	2,264	16,444,098	(13,210,459)	3,235,903
Comprehensive income for the year				
Loss for the year	-	-	(2,507,610)	(2,507,610)
	-	-	(2,507,610)	(2,507,610)
Total comprehensive income for the year				
Contributions by and distributions to owners				
Issue of share capital	122	3,750,940	-	3,751,062
	122	3,750,940	-	3,751,062
Total contributions by and distributions to owners				
At 31 December 2021	2,386	20,195,038	(15,718,069)	4,479,355

LANDBAY PARTNERS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from operating activities		
Loss for the year	(2,507,610)	(2,279,008)
Adjustments for		
Depreciation of property, plant and equipment	616,821	644,393
Amortisation of intangible fixed assets	2,100,105	1,446,994
Finance expense	78,329	83,275
Income tax credit	(798,046)	(573,023)
	<u>(510,401)</u>	<u>(677,369)</u>
Movements in working capital:		
Decrease in trade and other receivables	1,060,872	168,943
(Decrease)/increase in trade and other payables	(55,695)	236,094
	<u>494,776</u>	<u>(272,332)</u>
Cash generated from/(used in) operations		
Tax credits received	-	670,441
	<u>494,776</u>	<u>398,109</u>
Net cash from operating activities		
Cash flows from investing activities		
Purchases of property, plant and equipment	(214,106)	(33,896)
Purchase of intangibles	(2,643,764)	(1,647,040)
	<u>(2,857,870)</u>	<u>(1,680,936)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Issue of ordinary shares	3,751,060	1,163,589
Loans (repaid)/received	(4,724)	50,000
Repayment of finance leases	(533,748)	(153,000)
	<u>3,212,588</u>	<u>1,060,589</u>
Net cash from financing activities		
Net cash increase/(decrease) in cash and cash equivalents	<u>849,494</u>	<u>(222,238)</u>
Cash and cash equivalents at the beginning of year	1,013,493	1,235,732
Cash and cash equivalents at the end of the year	<u><u>1,862,987</u></u>	<u><u>1,013,494</u></u>

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. Reporting entity

Landbay Partners Limited (the 'Company') is a limited company incorporated in England and Wales. The Company's registered office is at 60 7th Floor, Buckingham Palace Road, London, SW1W 0AH. The Company's principal activity is an online marketplace mortgage lender which makes residential mortgages to borrowers for the purchase or refinance of Buy-To-Let ('BTL') properties, predominantly to experienced landlords and professional investors.

2. Accounting policies

2.1 Basis of preparation

The financial statements of Landbay Partners Limited have been prepared in accordance with applicable law and UK-adopted international accounting standards. The Company's financial statements have been prepared under the historical cost convention and on a going concern basis.

The financial statements have been prepared in accordance with applicable law and in accordance with UK-adopted international accounting standards issued and effective or issued and early adopted as at the time of preparing these financial statements.

The financial statements present information about the Company and not its group. The Company has taken advantage of the exemption from producing consolidated financial statements in accordance with s.402 of the Companies Act 2006 as, in accordance with s.405 of the Companies Act 2006, a subsidiary undertaking may be excluded from consolidation if its inclusion is not material for the purpose of giving a true and fair view.

Changes in accounting policies and disclosures

a) New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 January 2021 but not currently relevant to the Company

- IFRS 17: "Insurance Contracts"
- Amendment to IAS 1: "Classification of Liabilities as Current or Non-current"
- Amendment to IAS 12 'Deferred tax related to assets and liabilities arising from a single transaction'
- IAS 8: Definition of accounting estimates
- IAS 1: Disclosure initiative – accounting policies
- IFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 37: Onerous contracts – cost of fulfilling a contract
- IAS 16: PPE: Proceeds before intended use
- IAS 41: Taxation in fair value measurements

2.2 Going concern

At the year end the Company had made a total comprehensive loss for the year of £2,507,610 (2020 - £2,279,008). In assessing the Company's going concern status, the directors have considered the trading results since the year end, forecasted lending levels, the profit and loss forecast and the cash flow forecast and are confident that the Company has adequate resources to be able to support growth, working capital commitments, regulatory capital requirements, committed capital expenditure and to meet its obligations as they fall due for the foreseeable future.

Accordingly, the financial statements have been prepared on a going concern basis which the directors consider appropriate in the circumstances.

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.3 Revenue recognition

Revenue represents interest and fees receivable from lenders and borrowers for the arranging of finance.

Application fees

Fees are due from borrowers upon acceptance of loan offers. They are non-refundable and therefore recognised as revenue irrespective of whether the loan completes.

Product fees

Fees are due from borrowers and lenders at loan completion, which in most cases are added to the loan. They are recognised in full as revenue at loan completion.

Servicing fees

The Company acts as the administrator of the loans and collects interest on behalf of the Lenders. Interest is receivable from borrowers throughout the term. Part of this interest is payable to the Company as a platform fee and recognised as revenue in the period due. In accordance with the payment terms, servicing fees are received the month following the issuance of the invoice. The balance of interest is paid to the lenders and is not recognised by the Company. The Company has no beneficial interest in or derives any other economic benefit from the loan. It does not bear any risk of loss other than the forgone platform fees.

Other income

This includes Government grant income under the Covid schemes and rent concessions.

2.4 Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost of tangible fixed assets to their estimated residual value by equal annual instalments over their expected useful economic life, on a straight-line basis, as follows:

Computer equipment	-	3 years
Fixtures & fittings	-	3 years
Leasehold Improvements	-	5 years
Right-of-use asset	-	Over the term of the lease

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.5 Intangible assets

An internally generated asset arising from the Company's development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new systems);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated assets are amortised on a straight-line basis over their expected useful lives as follows:

Software	-	3 years
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The Company undertakes the development of software and, as such, capitalises the work performed in the course of the development projects. Directly attributable costs are capitalised in relation to the development of software and will be amortised over the useful life of the software once fully developed for its intended use. Development is now delivered in agile 'sprints' over quarterly periods to reflect the mature nature of the platform and functionality enhancements.

2.6 Investments

The investment in the unlisted subsidiary undertaking is carried at cost less provision for impairment in value.

2.7 Leasing

A right-of-use asset and a lease liability has been recognised for all leases. The right-of-use asset has been measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Company will depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Where impairment indicators exist, the right of use asset will be assessed for impairment.

The lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

After initial measurement, any payments made will reduce the liability and the interest accrued will increase it.

Any reassessment or modification will lead to a remeasurement of the liability. In such case, the corresponding adjustment will be reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

On the Statement of Financial Position, right-of-use assets have been included in plant and equipment.

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.8 Research and development

Research expenditure is charged to profit or loss in the period in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset is met. Other development expenditure is recognised in profit or loss as it is incurred.

2.9 Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price as defined in IFRS 15, as the contracts of the Company do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short-term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans are initially recorded at fair value, which is ordinarily equal to the proceeds received net of transaction costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.10 Share-based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the profit or loss account. The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non-market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in the Profit or Loss account, with a corresponding adjustment to equity.

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.11 Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax. The current tax charge is based on the taxable profit or loss for the year. Taxable profit differs from net profit as reported in Statement of Profit or Loss and Other Comprehensive Income 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 year end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to Profit or Loss, except when it relates to items charged or credited directly to Other Comprehensive Income, in which case the deferred tax is also dealt with in Other Comprehensive Income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied.

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Financial risk management

The Company uses a limited number of financial instruments, comprising cash, short-term deposits, bank loans and overdrafts and various items such as trade receivables and payables, which arise directly from operations.

The Company does not trade in financial instruments.

The Company's activities expose it to a variety of financial risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) Market risk

The most significant areas of market risk to which the Company is exposed are changes in the residential housing market and private rental market.

b) Interest rate risk

The Company is exposed to interest rate risk to the extent that changes to interest rates could offer alternative options for lenders to deposit their funds therefore impacting funding for mortgage lending.

c) Liquidity risk

The Company seeks to manage liquidity risk to ensure that sufficient liquidity is available to meet foreseeable needs. The Company deems there is sufficient liquidity for the foreseeable future. Trading assets and liabilities have not been analysed by contractual maturity because trading assets and liabilities are typically held for short periods of time.

The Company had cash and cash equivalents at 31 December 2021 as set out on the Statement of Financial Position.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the year-end date and the reported amounts of revenues and expenses during the reporting period.

In the opinion of the directors, key judgements and estimates include:

- The assumptions relating to the forecasted levels of lending post year end – management have forecasted these based on observed current levels of lending. These represent a key estimate, as they support the carrying value of the intangible asset and the post year end impairment review, as well as the going concern assessment;
- The expected useful life of intangible assets (see note 2.5) – this represents managements' best estimate in respect of the period over which the asset is expected to contribute the future cash flows of the Company;
- The likelihood that share option vesting conditions will be met (see note 20) - The share options issued by the Company are only exercisable in the event of a sale or listing of the Company.

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Revenue

The following is an analysis of the Company's revenue for the year from continuing operations:

	2021 £	2020 £
Product, servicing and application fees	<u>14,178,172</u>	<u>8,037,288</u>

6. Other operating income

	2021 £	2020 £
Other operating income	<u>40,717</u>	<u>1,017,617</u>

7. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	41,745	43,105
Non-audit services:		
- Other assurance related services	7,600	7,100
- Accounts preparation	3,650	3,410
- Tax compliance	4,750	4,500
- Other tax services	<u>30,000</u>	<u>30,000</u>

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Employee benefit expenses

	2021 £	2020 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	7,220,651	5,092,141
Social security costs	870,031	594,923
Other pensions costs	381,951	288,009
	<u>8,472,633</u>	<u>5,975,073</u>

The monthly average number of persons, including the directors, employed by the Company during the year was as follows:

	2021 No.	2020 No.
Operational and risk	35	13
Administration and support	76	84
	<u>111</u>	<u>97</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	<u>560,654</u>	<u>325,117</u>

Included within directors' emoluments are benefits in relation to defined contribution pension schemes totalling £34,800 (2020 - £16,185) and other benefit of £1,554 (2020 - £1,554).

The highest paid director's emoluments were as follows:

	2021 £	2020 £
Emoluments and other benefits	231,154	155,638
Company contributions to pension schemes	<u>21,300</u>	<u>9,235</u>

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Finance income and expense**Recognised in profit or loss**

	2021 £	2020 £
Finance expense		
Finance leases (interest portion)	78,329	83,275
Total finance expense	<u>78,329</u>	<u>83,275</u>
Net finance expense recognised in profit or loss	<u><u>(78,329)</u></u>	<u><u>(83,275)</u></u>

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Tax expense**Income tax recognised in profit or loss**

	2021 £	2020 £
Current tax		
Current tax on profits for the year	(798,046)	(573,023)
	<u>(798,046)</u>	<u>(573,023)</u>
Tax credit	(798,046)	(573,023)
	<u>(798,046)</u>	<u>(573,023)</u>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2021 £	2020 £
Loss for the year	(2,507,610)	(2,279,008)
Income tax credit	(798,046)	(573,023)
Loss before income taxes	<u>(3,305,656)</u>	<u>(2,852,031)</u>
Tax using the Company's domestic tax rate of 19%(2020 - 19%)	(628,075)	(541,886)
Expenses not deductible for tax purposes	8,513	12,349
Fixed asset differences	3,908	6,789
Other tax adjustments, reliefs and transfers	-	(360)
Adjustment to tax charge in respect of previous periods	-	2,238
Temporary differences not recognised in the computation	(143)	3,869
Surrender of tax losses for R&D tax credit refund	1,045,716	177,835
Additional deduction for R&D expenditure	(591,057)	(424,398)
Adjustments in respect of previous periods	-	(560)
Remeasurement of deferred tax for changes in tax rate	(521,074)	(136,318)
Accounting adjustments and transfers	(120,151)	329,980
Income not taxable	(560)	(2,561)
Qualifying donations unutilised	4,877	-
Total tax credit	<u>(798,046)</u>	<u>(573,023)</u>

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Tax expense (continued)**Income tax recognised in profit or loss (continued)****Changes in tax rates and factors affecting the future tax charges**

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

Deferred tax

Deferred tax assets have not been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets as it is not deemed probable that these assets will meet the recognition criteria of IAS 12, given the uncertainty of profits being made in the foreseeable future against which the tax losses could be utilised.

A deferred tax asset of £2,171,141 (2020 - £1,488,687) would have been recognised at year end based on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

12. Property, plant and equipment

	Leasehold improvements £	Right-of-use asset £	Fixtures & fittings £	Computer equipment £	Total £
Cost					
At 1 January 2020	143,216	1,526,158	297,924	244,523	2,211,821
Additions	-	-	108	33,788	33,896
Disposals	(9,623)	-	(6,780)	(4,294)	(20,697)
Lease re-measurement	-	976,625	-	-	976,625
At 31 December 2020	133,593	2,502,783	291,252	274,017	3,201,645
Additions	-	-	729	213,377	214,106
Disposals	-	-	-	(8,117)	(8,117)
Lease re-measurement	-	2,658	-	-	2,658
At 31 December 2021	133,593	2,505,441	291,981	479,277	3,410,292

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Property, plant and equipment (continued)

	Leasehold improvements £	Right-of-use asset £	Fixtures & fittings £	Computer equipment £	Total £
Accumulated depreciation and impairment					
At 1 January 2020	29,204	401,155	99,146	114,724	644,229
Charge for the year	26,409	455,444	98,371	64,467	644,691
Disposals	-	-	(1,513)	(3,710)	(5,223)
At 31 December 2020	55,613	856,599	196,004	175,481	1,283,697
Charge for the year	26,719	409,104	77,297	103,701	616,821
Disposals	-	-	-	(5,582)	(5,582)
At 31 December 2021	82,332	1,265,703	273,301	273,600	1,894,936
Net book value					
At 31 December 2020	77,980	1,646,184	95,248	98,536	1,917,948
At 31 December 2021	51,261	1,239,738	18,680	205,677	1,515,356

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Intangible assets

	Software £
Cost	
At 1 January 2020	4,637,440
Additions	1,647,040
At 31 December 2020	6,284,480
Additions	2,643,764
Disposals	(12,297)
At 31 December 2021	8,915,947
	Software £
Accumulated amortisation and impairment	
At 1 January 2020	1,679,871
Charge for the year	1,446,994
At 31 December 2020	3,126,865
Charge for the year	2,100,105
At 31 December 2021	5,226,970
Net book value	
At 1 January 2020	2,957,569
At 31 December 2020	3,157,615
At 31 December 2021	3,688,977

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Trade and other receivables

	2021 £	2020 £
Trade receivables	303,858	175,605
Prepayments and accrued income	357,607	288,874
Tax recoverable	798,046	573,023
Other receivables	271,356	370,991
Total trade and other receivables	1,730,867	1,408,493
Less: current portion - trade receivables	(303,858)	(175,605)
Less: current portion - prepayments and accrued income	(357,607)	(288,874)
Less: current portion - other receivables	(38,796)	(49,679)
Less: current portion - taxation recoverable	(798,046)	(573,023)
Total current portion	(1,498,307)	(1,087,181)
Total non-current portion	232,560	321,312

The carrying value of trade and other receivables is not materially different to their expected fair value.

15. Cash and cash equivalents*Client money*

The Company holds money on behalf of some clients in accordance with the Client Money rules of the Financial Conduct Authority. Such monies and the corresponding amounts due to clients are not shown on the face of the Statement of Financial Position as the Company is not beneficially entitled thereto. Money held on behalf of clients at the end of the financial year amounted to £2,942,839 (2020 - £2,396,295).

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Trade and other payables

	2021 £	2020 £
Trade payables	1,141,048	553,945
Other payables	79,824	47,406
Accruals	977,819	598,573
Other payables - tax and social security payments	585,517	988,627
Total trade and other payables	2,784,208	2,188,551
Less: current portion - trade payables	(1,141,048)	(553,945)
Less: current portion - other payables	(665,341)	(1,036,033)
Less: current portion - accruals	(977,819)	(598,573)
Total current portion	(2,784,208)	(2,188,551)
Total non-current position	-	-

The carrying value of trade and other payables is not expected to be materially different to their fair value.

17. Share capital

	2021 £	2020 £
Allotted and fully paid		
23,855,538 (2020 - 22,654,119) Ordinary of shares £0.0001 each	2,386	2,264

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Loans and borrowings

	2021	2020
Non-current		
Bank loans	45,276	50,000
Lease liabilities	724,248	1,239,451
	<u>769,524</u>	<u>1,289,451</u>
Current		
Lease liabilities	765,100	783,645
	<u>765,100</u>	<u>783,645</u>
Total loans and borrowings	<u><u>1,534,624</u></u>	<u><u>2,073,096</u></u>

The bank loan above represents a government bounce back loan and is bears a fixed interest rate of 2.5% per annum.

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates fair value.

19. Reserves**Share premium**

The share premium account is used to record the aggregate amount or value of premiums paid above nominal value when the Company's shares are issued at a premium.

Retained earnings

Retained earnings are the accumulated, undistributed profits and losses of the Company that have been recognised through the Statement of Profit and Loss and Other Comprehensive Income.

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Share-based payments**Employee share option plan of the Company****Share options**

The Company has a HMRC approved share option scheme for certain employees. The options are only exercisable in the event of a sale or listing of the Company and will be settled in equity once exercised. Options are forfeited if an individual leaves the Company before the options vest and if the options remain unexercised after a period of 10 years from the date of grant, they will expire. Since no sale or listing of the Company is considered probable, no charge has been recognised for share based payments (2020: £Nil).

An additional Growth Shares Scheme was in place during the year. Members of the executive management team participate in what is commonly referred to as a "growth" share plan operated by Landbay Partners Limited ("the Company"). Growth shares entitle the holder to participate in the future growth in the Company's value when an exit event is achieved (e.g. an IPO, liquidation or change of control). The proportion of proceeds attributable to the growth shares will increase when the exit value surpasses certain thresholds.

The eligible holders acquire options over the growth shares under an EMI scheme. The shares will be created in the form of 3 separate classes of shares known as C, D and E shares (at the point of exercise). Growth shares will carry no voting rights. Since no sale or listing of the Company is considered probable, no charge has been recognised for share based payments (2020: £Nil).

The following reconciles the share options outstanding at the beginning and end of the year:

	Number of options	2021 Weighted average exercise price £	<i>Number of options</i>	<i>2020 Weighted average exercise price £</i>
Balance at the beginning of the year	3,138,545	0.51	<i>2,927,500</i>	<i>0.54</i>
Granted during the year	534,559	0.92	<i>264,045</i>	<i>1.64</i>
Forfeited during the year	-	-	<i>-</i>	<i>-</i>
Expired during the year	(48,150)	0.60	<i>(53,000)</i>	<i>1.68</i>
Balance at the end of the year	3,624,954	0.56	<i>3,138,545</i>	<i>0.51</i>

LANDBAY PARTNERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Out of the 3,624,954 (2020 - 3,138,545) outstanding options, Nil options (2020 - *No options*) were exercisable as at 31 December 2021. Of the outstanding options at the year end, 761,349 options (2020 - 630,750 options) have been issued to Directors.

Share options outstanding at year end have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price £	Share options	
			2021 Number	2020 Number
<u>HMRC approved share scheme</u>				
23 December 2015	23 December 2025	0.52	819,000	819,000
28 October 2016	28 October 2026	0.83	145,000	145,000
22 December 2017	22 December 2027	0.91	438,250	447,500
21 December 2018	21 December 2028	1.28	142,600	158,500
22 November 2019	22 November 2029	1.81	157,000	179,500
23 December 2020	23 December 2030	2.25	51,500	50,000
1 July 2021	1 July 2031	2.25	127,425	-
1 July 2021	1 July 2031	2.25	71,578	-
15 December 2021	15 December 2031	3.44	12,500	-
			<u>1,964,853</u>	<u>1,801,500</u>
<u>Growth share scheme</u>				
23 December 2019	23 December 2029	0.0001	1,125,000	1,125,000
23 December 2020	23 December 2030	0.0001	212,045	212,045
1 July 2021	1 July 2031	0.0001	72,457	-
1 October 2021	1 October 2031	0.0001	250,599	-
			<u>1,660,101</u>	<u>1,337,045</u>
			<u>3,624,954</u>	<u>3,138,545</u>

21. Related party transactions

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. In the opinion of the board, the Company's key management comprises the directors and information regarding their emoluments stated in accordance with IFRS is set out in Note 9.

During the year, a related party by virtue of common directorship acted as a loan servicer for the Company. Fees charged for providing these services amounted to £637,788 (2020 - £453,484). As at 31 December 2021, the Company owed amounts to the related party totalling £150,914 (2020 - £38,452).

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22. Financial instruments

The Company's financial instruments comprise trade and other payables, bank loans and trade and other receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations. The Company's operations expose it to a variety of financial risks including market, interest rate and liquidity risks. The management of these risks is vested in the board. All financial instruments are recognised on a historical cost basis.

Market risk

The most significant areas of market risk to which the Company is exposed are changes in the residential housing market and private rental market.

Interest rate risk

The Company is exposed to interest rate risk to the extent that changes to interest rates could offer alternative options for lenders to deposit their funds therefore impacting funding for mortgage lending.

Liquidity risk

The Company seeks to manage liquidity risk to ensure that sufficient liquidity is available to meet foreseeable needs. The Company deems there is sufficient liquidity for the foreseeable future. Trading assets and liabilities have not been analysed by contractual maturity because trading assets and liabilities are typically held for short periods of time.

The Company had cash and cash equivalents at 31 December 2021 as set out on the Statement of Financial Position.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide optimal returns for the shareholders. The Company defines capital as being share capital, deferred consideration reserve, share premium and retained earnings.

Capital amounts to £4,538,290 at 31 December 2021 (2020 - £3,235,903).

The adequacy of the Company's financial resources position is managed and monitored in accordance with the FCA rules. The Company must at all times meet the relevant minimum financial resource requirements. The Company is required to maintain a prescribed excess of total financial resources over its financial resource requirements.

23. Controlling party

In the opinion of the directors there is no ultimate controlling party of Landbay Partners Limited. The day-to-day management of the Company is controlled by the board of directors.