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LANDBAY PARTNERS LIMITED

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ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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LANDBAY PARTNERS LIMITED

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COMPANY INFORMATION

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|---------------------|---|
| Directors           | M P Baptista<br>J H Cork<br>J R Goodall<br>J M Jenkins<br>M Lifford<br>G M Stern<br>A J Ward                        |
| Company secretary   | M Lifford   |
| Registered number   | 08668507  |
| Registered office   | 60 7th Floor<br>Buckingham Palace Road<br>London<br>SW1W 0AH  |
| Independent auditor | CLA Evelyn Partners Limited<br>Chartered Accountants & Statutory Auditor<br>45 Gresham Street<br>London<br>EC2V 7BG |

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LANDBAY PARTNERS LIMITED

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## LANDBAY PARTNERS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their Strategic Report on Landbay Partners Limited ('the Company') for the year ended 31 December 2022.

#### Review of the business

##### *Principal activities and business review:*

The Company operates a technology-driven platform which allows it to originate, underwrite and service mortgages on behalf of other financial institutions. The financial institutions which we partner with provide funding for all loans originated and hold all credit risk. Origination is focused on the Specialist Buy-To-Let Market (BTL) and lending to borrowers (predominantly experienced landlords and professional investors) in the form of residential mortgages to purchase or refinance BTL properties.

##### *Business Model:*

Our vision is to become the go-to funding partner for the private rented sector. Landbay originates, underwrites and manages BTL mortgages on behalf of institutional investors and operates a platform model and does not lend its own capital or take any credit risk on the mortgages that it originates and manages. Landbay derives revenue both from fees at loan inception and from recurring loan management fees throughout the loan term.

##### *Business Review:*

2022 saw strong revenue growth of more than 50% driven by an increase in Landbay originated loans under management of 65% an increase in gross lending via the platform of 73%. While 2022 was a strong market for BTL originations generally, Landbay significantly grew market share.

|                    | 6 months ended<br>31 December 2022 | 6 months ended<br>30 June 2022 | 6 months ended<br>31 December 2021 | 6 months ended<br>30 June 2021 |
|--------------------|------------------------------------|--------------------------------|------------------------------------|--------------------------------|
| Underlying revenue | £12.7m                             | £8.8m                          | £7.9m                              | £6.3m                          |
| Gross profit       | £7.4m                              | £5.2m                          | £5.0m                              | £3.8m                          |
| EBITDA             | £0.9m                              | (£0.6m)                        | (£0.5m)                            | (£0.5m)                        |

UK Finance estimates that gross BTL lending in 2022 was £55.7bn (2021 - £47.4bn), driven by strong activity within the remortgage & purchase markets. The outstanding stock of BTL mortgages in the UK was £296bn up from £281bn in 2021. The professional market continued to grow with 310,000 businesses incorporated at Companies House for the purpose of BTL at the end of 2022 (2021 - 270,000) (Source: Hamptons Research).

LANDBAY PARTNERS LIMITED

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

|   | 6 months ended<br>31 December 2022 | 6 months ended<br>30 June 2022 | 6 months ended<br>31 December 2021 | 6 months ended<br>30 June 2021 |
|---|------------------------------------|--------------------------------|------------------------------------|--------------------------------|
| Landbay managed mortgages at end of period      | £1.62bn                            | £1.22bn                        | £0.98bn                            | £0.78bn                        |
| UK outstanding BTL mortgages at end of period   | £295.7bn                           | £287.8bn                       | £280.6bn                           | £279.7bn                       |
| Landbay share of UK BTL mortgages outstanding   | 0.55%                              | 0.43%                          | 0.35%                              | 0.28%                          |
| Landbay BTL mortgage originations in the period | £0.47bn                            | £0.28bn                        | £0.24bn                            | £0.20bn                        |
| UK gross originations in the period             | £28.5bn                            | £27.2bn                        | £22.3bn                            | £25.2bn                        |
| Landbay share of UK BTL mortgage originations   | 1.67%                              | 1.04%                          | 1.06%                              | 0.80%                          |

(Source for UK market data: UK Finance)

Over the course of 2022, two additional institutional partners signed agreements to fund mortgages on the platform, further diversifying funding partners by type of capital. This also increased the number of funding partners who do not require capital markets to fund their Landbay originated and managed mortgages. This lack of reliance on capital markets and securitisation allowed Landbay to provide a consistently competitive set of BTL mortgage products to the market. Whilst, along with most mortgage lenders, we temporarily withdrew fixed rate mortgages from the market in late September 2022, following the market response to the UK government's mini budget, our platform meant we could do this extremely quickly and subsequently be one of the first to return to the market in early October. The diversity of funding partners is an important feature of the resilience of the Company's business model.

Over the course of 2022 we expanded our franchise within the intermediary market – we went live with The Openwork network of intermediaries in January so that we have now onboarded all major networks & clubs in the UK. Over 1,100 mortgage intermediaries submitted their first case to us in 2022 (up from 824 in 2021). Of those intermediaries that submitted an application to us for the first time in 2022, over 56% submitted at least one more case over the course of the year. We were delighted to be named BTL lender of the year at various awards that are voted for/judged by our intermediary partners including Mortgage Strategy Awards, Financial Reporter Awards, SFI Awards & What Mortgage Awards.

We continue to invest in technology. In May 2022 we launched our broker portal that was designed and built in-house. Feedback from our intermediary partners was extremely positive and this means that a broker can complete all the borrower information required for a decision in principle in a few minutes and receive an automated decision in a couple of seconds. Our whole origination & underwriting platform (LOUIS) has been designed and built in-house specifically for the market that we operate in and is proprietary to Landbay. It provides significant competitive advantage on several fronts - a broader more competitive lending proposition for growth; a smooth application process to reduce internal workload; low cost / low risk cases; industrialised internal operations. We are now seeing the platform deliver the efficiency gains that we expected so that gross profit per employee increased by over 15% to £95,000. Our technology was recognised externally when Landbay were announced as winners of "Best use of IT for Lending – Mortgages" at the Banking Tech Awards in November 2022.

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## LANDBAY PARTNERS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### *Environmental, Social & Governance:*

Over the course of 2022 we engaged with Supercritical who audited the carbon footprint of Landbay. Scope 1 and Scope 2 emissions were estimated at 40 tonnes CO<sub>2</sub> and Scope 3 emission were estimated at 480 tonnes for the 2022 financial year. We are purchasing carbon offsets for our Scope 1 and Scope 2 emissions.

The Company continues to work on reducing our controllable emissions and has introduced several measures through the year including light timers in meeting rooms, the use of recycled paper for printing and the removal of some non-recyclable items from our marketing materials. We are engaging with our third-party vendors to try and reduce our overall Scope 3 emissions. During 2022 we had several Green Mortgages products to ensure that owners of properties that meet an energy efficiency rating of A-C can get access to a range of Landbay mortgages at a reduced interest rate.

From an employee perspective we are committed to making Landbay a collaborative and inclusive working environment. We have a highly engaged and ambitious workforce underpinned with a positive culture. This is supported with initiatives such as career frameworks, supporting on going learning and development, a range of forward-thinking policies to support staff and a comprehensive benefits package. We also place an emphasis on staff wellbeing via wellbeing events, an Employee Assistance Program, mental health first aiders, health insurance and leading policies on topics such as miscarriage leave. This is recognised by being awarded the best mid-sized company to work for in London 2022 (Best companies), an eNPS of 40, a Glassdoor score of 4.9/5 and an extremely low absence and attrition rate.

Landbay continued to support Cardinal Hume, a Westminster based charity supporting people facing homelessness and poverty. In the financial year ended 31 December 2022, Landbay contributed £37k (2021 - £22k) based on an agreed amount per mortgage completion. In addition to this Landbay staff contributed their time on a pro bono basis to support several different initiatives.

#### *Risks and uncertainties:*

The Company is not exposed to direct credit risk. Funding partners retain the full beneficial interest in the loans with the Company acting as agent in facilitating and administering 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 the instance of a shortfall, this would be borne by the relevant funding partner, not Landbay. 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;
- Failure 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. These comprise stakeholders from across the business, are chaired by Senior Management, and are accountable to the Board according to the Company's Risk Policies and Mandates.

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## LANDBAY PARTNERS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### *Outlook*

UK Finance has forecast BTL gross lending at £43bn for 2023, a decrease of 23% from 2022. This reduction is driven by a combination of higher interest rates, further economic uncertainty and the aftermath of the September mini budget which led to a significant fall in mortgage applications in the market and subsequently severely reduced pipelines of business across the market.

Despite this outlook, based on current trading as well as funding available on the platform, management expect the specialist segment of the BTL mortgage market to be more resilient than the broader BTL market and management expects to see continued significant growth of the mortgages under management.

#### **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.

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LANDBAY PARTNERS LIMITED


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STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

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- 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.

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

  
John Goodall (Apr 20, 2023 11:59 GMT+1)

J R Goodall  
Director

Date: 20 April 2023



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## LANDBAY PARTNERS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

#### Results and dividends

The loss for the year, after taxation, amounted to £1,369,801 (2021 - £2,542,042).

The directors do not recommend a future payment of a dividend (2021 - £Nil).

#### Directors

The directors who served during the year were:

M P Baptista  
J H Cork  
J R Goodall  
J M Jenkins  
M Lifford (appointed 16 August 2022)  
G M Stern  
A J Ward

#### Funding

The Company raised £390k in Deferred Equity during the year.

#### Future developments

Whilst the overall BTL market is expected to show modest growth over the coming years, 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.

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## LANDBAY PARTNERS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Going concern

At the year end the Company had made a total comprehensive loss for the year of £1,369,801 (2021 - £2,542,042). 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, 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.

#### Post year end events

In March 2023 the firm applied to the FCA for a Variation of Permissions (VoP) with the effect of removing the permissions to hold client money and operate an electronic system in relation to lending.

Once the VoP is approved the firm will remain a Consumer By To Let firm.

#### Auditor

The auditor, CLA Evelyn Partners Limited (formerly Nexia Smith & Williamson LLP), 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.

  
John R Goodall (Apr 20, 2023 11:59 GMT+1)

J R Goodall  
Director

Date: 20 April 2023

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## LANDBAY PARTNERS LIMITED

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### DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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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.

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

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**Opinion**

We have audited the financial statements of Landbay Partners Limited (the 'Company') for the year ended 31 December 2022 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 2022 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.

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LANDBAY PARTNERS LIMITED

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

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**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.

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## LANDBAY PARTNERS LIMITED

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

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#### 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 Directors' Responsibilities Statement 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.

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## LANDBAY PARTNERS LIMITED

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

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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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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LANDBAY PARTNERS LIMITED

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

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**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.

Guy Swarbreck  
Guy Swarbreck (Apr 20, 2023 15:23 GMT+1)

Guy Swarbreck (Senior Statutory Auditor)

for and on behalf of  
CLA Evelyn Partners Limited

Chartered Accountants  
Statutory Auditor

45 Gresham Street  
London  
EC2V 7BG

20 April 2023



LANDBAY PARTNERS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022

|                         | Note | 2022<br>£    | As restated<br>2021<br>£ |
|-------------------------|------|--------------|--------------------------|
| Revenue                 | 5    | 21,574,821   | 14,181,441               |
| Cost of sales           |      | (8,901,771)  | (5,352,348)              |
| Gross profit            |      | 12,673,050   | 8,829,093                |
| Other operating income  | 6    | 198          | 37,448                   |
| Administrative expenses |      | (14,790,898) | (12,128,300)             |
| Finance expense         | 10   | (52,917)     | (78,329)                 |
| Loss before tax         |      | (2,170,567)  | (3,340,088)              |
| Taxation                | 11   | 800,766      | 798,046                  |
| Loss for the year       |      | (1,369,801)  | (2,542,042)              |

All income relates to continuing operations.

The notes on pages 21 to 41 form part of these financial statements.

LANDBAY PARTNERS LIMITED  
REGISTERED NUMBER: 08668507

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022

|                                    | Note | 2022<br>£        | As restated<br>2021<br>£ |
|------------------------------------|------|------------------|--------------------------|
| <b>Assets</b>                      |      |                  |                          |
| <b>Non-current assets</b>          |      |                  |                          |
| Property, plant and equipment      | 12   | 938,130          | 1,515,356                |
| Intangible assets                  | 13   | 4,279,107        | 3,688,977                |
| Trade and other receivables        | 14   | -                | 232,560                  |
|                                    |      | <u>5,217,237</u> | <u>5,436,893</u>         |
| <b>Current assets</b>              |      |                  |                          |
| Trade and other receivables        | 14   | 2,229,769        | 1,498,307                |
| Cash and cash equivalents          |      | 528,277          | 1,862,987                |
|                                    |      | <u>2,758,046</u> | <u>3,361,294</u>         |
| <b>Total assets</b>                |      | <u>7,975,283</u> | <u>8,798,187</u>         |
| <b>Liabilities</b>                 |      |                  |                          |
| <b>Non-current liabilities</b>     |      |                  |                          |
| Bank loan                          | 18   | 35,650           | 45,276                   |
| Finance lease liability            | 18   | 12,068           | 724,248                  |
|                                    |      | <u>47,718</u>    | <u>769,524</u>           |
| <b>Current liabilities</b>         |      |                  |                          |
| Trade and other liabilities        | 16   | 3,849,885        | 2,818,640                |
| Finance lease liability            | 18   | 612,079          | 765,100                  |
|                                    |      | <u>4,461,964</u> | <u>3,583,740</u>         |
| <b>Total liabilities</b>           |      | <u>4,509,682</u> | <u>4,353,264</u>         |
| <b>Net assets</b>                  |      | <u>3,465,601</u> | <u>4,444,923</u>         |
| <b>Issued capital and reserves</b> |      |                  |                          |
| Share capital                      | 17   | 2,386            | 2,386                    |
| Share premium reserve              | 19   | 20,195,038       | 20,195,038               |
| Deferred equity                    | 19   | 390,479          | -                        |
| Retained earnings                  | 19   | (17,122,302)     | (15,752,501)             |
| <b>Total equity</b>                |      | <u>3,465,601</u> | <u>4,444,923</u>         |

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LANDBAY PARTNERS LIMITED  
REGISTERED NUMBER: 08668507

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STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 31 DECEMBER 2022

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

Michael Lifford  
Michael Lifford (Apr 20, 2023 13:45 GMT+1)

M Lifford  
Director

Date: 20 April 2023

The notes on pages 21 to 41 form part of these financial statements.

LANDBAY PARTNERS LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

|  | Share<br>capital<br>£ | Share<br>premium<br>£ | Deferred<br>equity<br>£ | Retained<br>earnings<br>£ | Total equity<br>£ |
|--|-----------------------|-----------------------|-------------------------|---------------------------|-------------------|
| At 1 January 2021                                  | 2,264                 | 16,444,098            | -                       | (13,210,459)              | 3,235,903         |
| Comprehensive loss for the year                    |                       |                       |                         |                           |                   |
| Loss for the year (as restated)                    | -                     | -                     | -                       | (2,542,042)               | (2,542,042)       |
| Total comprehensive loss for the year              | -                     | -                     | -                       | (2,542,042)               | (2,542,042)       |
| Contributions by and distributions to owners       |                       |                       |                         |                           |                   |
| Issue of share capital                             | 122                   | 3,750,940             | -                       | -                         | 3,751,062         |
| Total contributions by and distributions to owners | 122                   | 3,750,940             | -                       | -                         | 3,751,062         |
| At 31 December 2021 (as restated)                  | 2,386                 | 20,195,038            | -                       | (15,752,501)              | 4,444,923         |
| At 1 January 2022                                  | 2,386                 | 20,195,038            | -                       | (15,752,501)              | 4,444,923         |
| Comprehensive loss for the year                    |                       |                       |                         |                           |                   |
| Loss for the year                                  | -                     | -                     | -                       | (1,369,801)               | (1,369,801)       |
| Total comprehensive loss for the year              | -                     | -                     | -                       | (1,369,801)               | (1,369,801)       |
| Contributions by and distributions to owners       |                       |                       |                         |                           |                   |
| Issue of deferred equity                           | -                     | -                     | 390,479                 | -                         | 390,479           |
| Total contributions by and distributions to owners | -                     | -                     | 390,479                 | -                         | 390,479           |
| At 31 December 2022                                | 2,386                 | 20,195,038            | 390,479                 | (17,122,302)              | 3,465,601         |

LANDBAY PARTNERS LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022

|  | 2022<br>£             | As restated<br>2021<br>£ |
|--|-----------------------|--------------------------|
| <b>Cash flows from operating activities</b>                      |                       |                          |
| Loss for the year  | (1,369,801)           | (2,542,042)              |
| Adjustments for  |                       |                          |
| Depreciation of property, plant and equipment                    | 665,084               | 616,821                  |
| Amortisation of intangible fixed assets                          | 2,231,358             | 2,100,105                |
| Finance expense  | 52,917                | 78,329                   |
| Gain on disposal of property, plant and equipment                | (1,955)               | -                        |
| Income tax credit  | (920,884)             | (798,046)                |
|  | <u>656,719</u>        | <u>(544,833)</u>         |
| <b>Movements in working capital:</b>                             |                       |                          |
| (Increase)/decrease in trade and other receivables               | (496,182)             | 1,060,872                |
| Increase/(decrease) in trade and other payables                  | 1,949,409             | (21,263)                 |
|  | <u>2,109,946</u>      | <u>494,776</u>           |
| <b>Cash generated from operations</b>                            | <u>2,109,946</u>      | <u>494,776</u>           |
| <b>Net cash generated from operating activities</b>              | <u>2,109,946</u>      | <u>494,776</u>           |
| <b>Cash flows from investing activities</b>                      |                       |                          |
| Purchases of property, plant and equipment                       | (87,858)              | (214,106)                |
| Proceeds from disposal of property, plant and equipment          | 1,955                 | -                        |
| Purchase of intangibles  | (2,821,488)           | (2,643,764)              |
|  | <u>(2,907,391)</u>    | <u>(2,857,870)</u>       |
| <b>Net cash used in investing activities</b>                     | <u>(2,907,391)</u>    | <u>(2,857,870)</u>       |
| <b>Cash flows from financing activities</b>                      |                       |                          |
| Issue of ordinary shares   | -                     | 3,751,060                |
| Loans repaid   | (9,626)               | (4,724)                  |
| Deferred equity  | 390,479               | -                        |
| Payment of lease liabilities                                     | (918,118)             | (533,748)                |
|  | <u>(537,265)</u>      | <u>3,212,588</u>         |
| <b>Net cash (used in)/generated from financing activities</b>    | <u>(537,265)</u>      | <u>3,212,588</u>         |
| <b>Net cash (decrease)/increase in cash and cash equivalents</b> | <u>(1,334,710)</u>    | <u>849,494</u>           |
| Cash and cash equivalents at the beginning of year               | 1,862,987             | 1,013,493                |
| <b>Cash and cash equivalents at the end of the year</b>          | <u><u>528,277</u></u> | <u><u>1,862,987</u></u>  |

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## LANDBAY PARTNERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 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 that of operating a technology-driven platform which allows it to originate and service mortgages on behalf of other financial institutions.

#### 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.

##### Changes in accounting policies and disclosures

*a) New and amended Standard and Interpretations mandatory for the first time for the financial year beginning 1 January 2022 but not currently relevant to the Company*

- Conceptual Framework for Financial Reporting - Amendments to IFRS 3
- IAS 16 Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle
- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments Fees in the '10 per cent' test for derecognition of financial liabilities
- IFRS 16 Leases
- IAS 41 Agriculture

##### 2.2 Going concern

At the year end the Company had made a total comprehensive loss for the year of £1,369,801 (2021 - £2,542,042). 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, 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.

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## LANDBAY PARTNERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 2. Accounting policies (continued)

##### 2.3 Revenue recognition

Revenue represents 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 loan management fee and recognised as revenue in the period due. In accordance with the payment terms, loan management 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 loan management fees.

##### Other revenue

On an ad-hoc basis, the Company recharges professional fees to Lenders where they are incurred on their behalf. These are recognised in full as revenue as and when the cost is incurred and associated costs are booked as cost of sales.

##### 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 |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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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 |
|----------|---|---------|

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 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.

2.7 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.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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2. Accounting policies (continued)

2.8 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.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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2. Accounting policies (continued)

2.10 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.

2.11 Re-statement of prior year comparatives

The Company is not currently registered for UK VAT on the basis that it has treated all of its supplies as VAT exempt to date in accordance with previously received advice. As part of the Company's ongoing discussions with tax advisors a review of the Company's VAT position took place and it was noted that there is a potential liability for VAT incurred on the receipt of services from foreign vendors. The review is still ongoing however the Company has booked an accrual of the expected liability at 31 December 2022, of which £34,432 related to periods commencing prior to 1 January 2022. The adjustment resulted in increasing the prior year loss by £34,432 and the prior year liabilities (accruals) by the same amount.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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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 impact the affordability of mortgages, 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 2022 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 21) - The share options issued by the Company are only exercisable in the event of a sale or listing of the Company.

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LANDBAY PARTNERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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5. Revenue

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

|   | 2022<br>£         | 2021<br>£         |
|---|-------------------|-------------------|
| Product, servicing and application fees | 21,277,719        | 14,178,172        |
| Other revenue                           | 297,102           | 3,269             |
|   | <u>21,574,821</u> | <u>14,181,441</u> |

In 2022 the Company recognised other revenue on signing of an agreement with a Lender which partially reimbursed professional fees incurred by the Company; the associated costs were booked as cost of sales.

Analysis of revenue by country of destination:

|                | 2022<br>£         | 2021<br>£         |
|----------------|-------------------|-------------------|
| United Kingdom | <u>21,574,821</u> | <u>14,181,441</u> |

6. Other operating income

|                        | 2022<br>£  | 2021<br>£     |
|------------------------|------------|---------------|
| Furlough income        | -          | 37,192        |
| Other operating income | 198        | 256           |
|                        | <u>198</u> | <u>37,448</u> |

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

7. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor (VAT inclusive):

|   | 2022<br>£     | 2021<br>£     |
|---|---------------|---------------|
| Fees payable to the Company's auditor for the audit of the Company's financial statements | 61,800        | 50,000        |
| Non-audit services:   |               |               |
| - Other assurance related services  | 13,700        | 9,120         |
| - Accounts preparation  | 4,800         | 4,380         |
| - Tax compliance  | 6,330         | 5,700         |
| - Other tax services  | 48,000        | 36,000        |
|   | <u>61,800</u> | <u>50,000</u> |

8. Employee benefit expenses

|   | 2022<br>£         | 2021<br>£        |
|---|-------------------|------------------|
| Employee benefit expenses (including directors) comprise: |                   |                  |
| Wages and salaries  | 8,859,528         | 7,220,651        |
| Social security costs                                     | 1,121,968         | 870,031          |
| Other pensions costs                                      | 474,483           | 381,951          |
|   | <u>10,455,979</u> | <u>8,472,633</u> |

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

|                              | 2022<br>No. | 2021<br>No. |
|------------------------------|-------------|-------------|
| Sales & marketing            | 28          | 25          |
| Engineering, product & data  | 35          | 33          |
| Operational & administrative | 69          | 53          |
|                              | <u>132</u>  | <u>111</u>  |

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Directors' remuneration

|                       | 2022<br>£      | 2021<br>£      |
|-----------------------|----------------|----------------|
| Directors' emoluments | <u>675,507</u> | <u>560,654</u> |

Included within directors' emoluments are benefits in relation to defined contribution pension schemes totalling £44,024 (2021 - £34,800) and other benefits of £1,974 (2021 - £1,554).

During the year, retirement benefits were accruing to the following number of directors in respect of qualifying services:

|                              | 2022     | 2021     |
|------------------------------|----------|----------|
| Defined contribution schemes | <u>3</u> | <u>2</u> |

The highest paid director's emoluments were as follows:

|  | 2022<br>£      | 2021<br>£      |
|--|----------------|----------------|
| Emoluments and other benefits            | 240,902        | 231,154        |
| Company contributions to pension schemes | 24,861         | 21,300         |
|  | <u>265,763</u> | <u>252,454</u> |

10. Finance income and expense

Recognised in profit or loss

|  | 2022<br>£       | 2021<br>£       |
|--|-----------------|-----------------|
| Finance expense                                  |                 |                 |
| Finance leases (interest portion)                | 52,917          | 78,329          |
| Total finance expense                            | <u>52,917</u>   | <u>78,329</u>   |
| Net finance expense recognised in profit or loss | <u>(52,917)</u> | <u>(78,329)</u> |

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation

Income tax recognised in profit or loss

|                                    | 2022<br>£ | 2021<br>£ |
|------------------------------------|-----------|-----------|
| <b>Current tax</b>                 |           |           |
| Current tax on losses for the year | (800,766) | (798,046) |
| <b>Tax credit</b>                  | (800,766) | (798,046) |

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:

|   | 2022<br>£          | 2021<br>£          |
|---|--------------------|--------------------|
| Loss for the year   | (1,369,801)        | (2,542,042)        |
| Income tax credit   | (800,766)          | (798,046)          |
| <b>Loss before income taxes</b>                               | <b>(2,170,567)</b> | <b>(3,340,088)</b> |
| Tax using the Company's domestic tax rate of 19% (2021 - 19%) | (412,408)          | (634,617)          |
| Expenses not deductible for tax purposes                      | 21,588             | 14,675             |
| Fixed asset differences                                       | (2,780)            | 3,908              |
| Temporary differences not recognised in the computation       | 7,049              | (143)              |
| Surrender of tax losses for R&D tax credit refund             | 248,513            | 1,045,716          |
| Additional deduction for R&D expenditure                      | (593,070)          | (591,057)          |
| Remeasurement of deferred tax for changes in tax rate         | (79,541)           | (521,074)          |
| Accounting adjustments and transfers                          | 9,883              | (119,771)          |
| Income not taxable  | -                  | (560)              |
| Qualifying donations unutilised                               | -                  | 4,877              |
| <b>Total tax credit</b>                                       | <b>(800,766)</b>   | <b>(798,046)</b>   |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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11. Taxation (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 £2,080,403 (2021 - £2,171,141) 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.



LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Property, plant and equipment

|  | Leasehold<br>improvements<br>£ | Right-of-use<br>asset<br>£ | Fixtures &<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£       |
|--|--------------------------------|----------------------------|-----------------------------|----------------------------|------------------|
| <b>Cost</b>  |                                |                            |                             |                            |                  |
| At 1 January 2021                                      | 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            |
| <b>At 31 December 2021</b>                             | <b>133,593</b>                 | <b>2,505,441</b>           | <b>291,981</b>              | <b>479,277</b>             | <b>3,410,292</b> |
| Additions  | -                              | -                          | 34,618                      | 53,240                     | 87,858           |
| Disposals  | -                              | -                          | -                           | (5,524)                    | (5,524)          |
| <b>At 31 December 2022</b>                             | <b>133,593</b>                 | <b>2,505,441</b>           | <b>326,599</b>              | <b>526,993</b>             | <b>3,492,626</b> |
|  | Leasehold<br>improvements<br>£ | Right-of-use<br>asset<br>£ | Fixtures &<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£       |
| <b>Accumulated<br/>depreciation and<br/>impairment</b> |                                |                            |                             |                            |                  |
| At 1 January 2021                                      | 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)          |
| <b>At 31 December 2021</b>                             | <b>82,332</b>                  | <b>1,265,703</b>           | <b>273,301</b>              | <b>273,600</b>             | <b>1,894,936</b> |
| Charge for the year                                    | 26,720                         | 495,780                    | 33,856                      | 108,728                    | 665,084          |
| Disposals  | -                              | -                          | -                           | (5,524)                    | (5,524)          |
| <b>At 31 December 2022</b>                             | <b>109,052</b>                 | <b>1,761,483</b>           | <b>307,157</b>              | <b>376,804</b>             | <b>2,554,496</b> |
| <b>Net book value</b>                                  |                                |                            |                             |                            |                  |
| At 1 January 2021                                      | 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        |
| At 31 December 2022                                    | 24,541                         | 743,958                    | 19,442                      | 150,189                    | 938,130          |

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LANDBAY PARTNERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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13. Intangible assets

|  | Software<br>£     |
|--|-------------------|
| <b>Cost</b>                                    |                   |
| At 1 January 2021                              | 6,284,480         |
| Additions                                      | 2,643,764         |
| Disposals                                      | (12,297)          |
| <b>At 31 December 2021</b>                     | <b>8,915,947</b>  |
| Additions                                      | 2,821,488         |
| <b>At 31 December 2022</b>                     | <b>11,737,435</b> |
|  |                   |
|  | Software<br>£     |
| <b>Accumulated amortisation and impairment</b> |                   |
| At 1 January 2021                              | 3,126,865         |
| Charge for the year                            | 2,100,105         |
| <b>At 31 December 2021</b>                     | <b>5,226,970</b>  |
| Charge for the year                            | 2,231,358         |
| <b>At 31 December 2022</b>                     | <b>7,458,328</b>  |
|  |                   |
| <b>Net book value</b>                          |                   |
| At 1 January 2021                              | 3,157,615         |
| At 31 December 2021                            | 3,688,977         |
| At 31 December 2022                            | 4,279,107         |

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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14. Trade and other receivables

|  | 2022<br>£          | 2021<br>£          |
|--|--------------------|--------------------|
| Trade receivables                                      | 743,520            | 303,858            |
| Prepayments and accrued income                         | 403,875            | 357,607            |
| Tax recoverable  | 800,765            | 798,046            |
| Other receivables                                      | 281,609            | 271,356            |
| <b>Total trade and other receivables</b>               | <b>2,229,769</b>   | <b>1,730,867</b>   |
| Less: current portion - trade receivables              | (743,520)          | (303,858)          |
| Less: current portion - prepayments and accrued income | (403,875)          | (357,607)          |
| Less: current portion - other receivables              | (281,609)          | (38,796)           |
| Less: current portion - taxation recoverable           | (800,765)          | (798,046)          |
| <b>Total current portion</b>                           | <b>(2,229,769)</b> | <b>(1,498,307)</b> |
| <b>Total non-current portion</b>                       | <b>-</b>           | <b>232,560</b>     |

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 (2022: £5,251; 2021: £22,455) on behalf of retail 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.

The Company also segregates money which is held on behalf of institutional counterparties (2022: £5,209,236; 2021: £2,920,384).

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Trade and other payables

|   | 2022<br>£          | As restated<br>2021<br>£ |
|---|--------------------|--------------------------|
| Trade payables                                    | 1,601,226          | 1,141,048                |
| Other payables                                    | 166,048            | 79,824                   |
| Accruals  | 1,110,095          | 1,012,251                |
| Other payables - tax and social security payments | 972,516            | 585,517                  |
| <b>Total trade and other payables</b>             | <b>3,849,885</b>   | <b>2,818,640</b>         |
| Less: current portion - trade payables            | (1,601,226)        | (1,141,048)              |
| Less: current portion - other payables            | (1,138,564)        | (665,341)                |
| Less: current portion - accruals                  | (1,110,095)        | (1,012,251)              |
| <b>Total trade and other payables</b>             | <b>(3,849,885)</b> | <b>(2,818,640)</b>       |
| <b>Total non-current position</b>                 | <b>-</b>           | <b>-</b>                 |

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

17. Share capital

|  | 2022<br>£ | 2021<br>£ |
|--|-----------|-----------|
| Allotted and fully paid  |           |           |
| 23,855,538 (2021 - 23,855,538) Ordinary of shares £0.0001 each | 2,386     | 2,386     |

Ordinary shares have attached to them full voting, dividend and capital distribution rights. They do not confer any rights of redemption.

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LANDBAY PARTNERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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18. Loans and borrowings

|                            | 2022<br>£      | 2021<br>£        |
|----------------------------|----------------|------------------|
| Non-current                |                |                  |
| Bank loans                 | 35,650         | 45,276           |
| Lease liabilities          | 12,068         | 724,248          |
|                            | <u>47,718</u>  | <u>769,524</u>   |
| Current                    |                |                  |
| Lease liabilities          | 612,079        | 765,100          |
|                            | <u>612,079</u> | <u>765,100</u>   |
| Total loans and borrowings | <u>659,797</u> | <u>1,534,624</u> |

The bank loan above represents a government bounce back loan and bears a fixed interest rate of 2.5% per annum. The loan is repayable in full by July 2026 and is payable in monthly instalments.

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.

Deferred equity

The deferred equity reserve is used to record equity funding received in consideration for shares to be issued at a future date.

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.

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LANDBAY PARTNERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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20. Leases

(i) Leases as a lessee

*The nature and accounting of leasing activities*

The Company has lease contracts in relation to premises rental with a lease term to July 2024.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 31 December 2022. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 5%.

The following amounts in respect of leases liabilities have been recognised in the year:

|                                | 2022<br>£      |
|--------------------------------|----------------|
| Balance as at 1 January 2022   | 1,489,348      |
| Lease payments                 | (918,118)      |
| Interest expense               | 52,917         |
| Balance as at 31 December 2022 | <u>624,147</u> |

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LANDBAY PARTNERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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21. 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 (2021 - £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 (2021 - £Nil).

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

|                                      | Number of<br>options | 2022<br>Weighted<br>average<br>exercise<br>price<br>£ | Number of<br>options | 2021<br>Weighted<br>average<br>exercise<br>price<br>£ |
|--------------------------------------|----------------------|---|----------------------|---|
| Balance at the beginning of the year | 3,624,954            | 0.56  | 3,138,545            | 0.51  |
| Granted during the year              | 207,994              | 2.86  | 534,559              | 0.92  |
| Expired during the year              | (22,816)             | 2.25  | (48,150)             | 0.60  |
| Balance at the end of the year       | 3,810,132            | 0.67  | 3,624,954            | 0.56  |

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

21. Share-based payments (continued)

Out of the 3,810,132 (2021 - 3,624,954) outstanding options. No options (2021 - No options) were exercisable as at 31 December 2022. Of the outstanding options at the year end, 837,466 options (2021 - 761,349 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<br>£ | Share options    |                  |
|-----------------------------------|------------------|---------------------|------------------|------------------|
|                                   |                  |                     | 2022<br>Number   | 2021<br>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          | 438,250          |
| 21 December 2018                  | 21 December 2028 | 1.28                | 142,600          | 142,600          |
| 22 November 2019                  | 22 November 2029 | 1.81                | 151,534          | 157,000          |
| 23 December 2020                  | 23 December 2030 | 2.25                | 47,400           | 51,500           |
| 1 July 2021                       | 1 July 2031      | 2.25                | 127,425          | 127,425          |
| 1 July 2021                       | 1 July 2031      | 2.25                | 60,328           | 71,578           |
| 15 December 2021                  | 15 December 2031 | 3.44                | 12,500           | 12,500           |
| 1 January 2022                    | 1 January 2032   | 3.44                | 108,854          | -                |
| 1 June 2022                       | 1 June 2032      | 3.44                | <u>62,050</u>    | <u>-</u>         |
|                                   |                  |                     | 2,114,941        | 1,964,853        |
| <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           | 72,457           |
| 1 October 2021                    | 1 October 2031   | 0.0001              | 250,599          | 250,599          |
| 1 January 2022                    | 1 February 2032  | 0.0001              | 5,090            | -                |
| 1 May 2022                        | 1 May 2032       | 0.0001              | <u>30,000</u>    | <u>-</u>         |
|                                   |                  |                     | <u>1,695,191</u> | <u>1,660,101</u> |
|                                   |                  |                     | <u>3,810,132</u> | <u>3,624,954</u> |

22. 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 £1,307,225 (2021 - £637,788). As at 31 December 2022, the Company owed amounts to the related party totalling £334,452 (2021 - £150,914).



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## LANDBAY PARTNERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 23. 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.

Details regarding the Company's exposure to market risk, interest rate risk and liquidity risk are provided in Note 3.

##### *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 impact the affordability of mortgages, 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 2022 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 equity reserve, share premium and retained earnings.

Capital amounts to £3,672,164 at 31 December 2022 (2021 - £4,479,355).

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.

#### 24. 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.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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**25. Events after the reporting date**

In March 2023 the firm applied to the FCA for a Variation of Permissions (VoP) with the effect of removing the permissions to hold client money and operate an electronic system in relation to lending.

Once the VoP is approved the firm will remain a Consumer By To Let firm.