
LANDBAY PARTNERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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LANDBAY PARTNERS LIMITED

COMPANY INFORMATION

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

LANDBAY PARTNERS LIMITED

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LANDBAY PARTNERS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their Strategic Report on Landbay Partners Limited ('the Company') for the year ended 31 December 2023.

Review of the business

Principal activities and business review:

Landbay operates a technology-driven platform which allows it to originate, underwrite and service mortgages on behalf of other financial institutions. The broad range of 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 a range of financial institutions and operates a platform model. Landbay 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:

2023 saw continued revenue growth driven by an increase in Landbay originated loans under management.

	6 months ended 31 December 2023	6 months ended 30 June 2023	6 months ended 31 December 2022	6 months ended 30 June 2022
Underlying revenue*	£13.0m	£10.8m	£12.7m	£8.8m
Gross Profit	£8.2m	£6.5m	£7.4m	£5.2m
EBITDA	£1.0m	£0.2m	£0.9m	(£0.6m)

*Underlying revenue is gross revenue from customers less any product fees passed on back to institutional investors.

According to UK Finance data, the overall stock of BTL mortgages in the UK dropped by 0.2% to £300.9bn at 2023 year-end. Despite the lack of growth in market, Landbay managed to grow our managed mortgages by 33% to £2.16bn. This still only represents 0.72% of the UK BTL mortgage market, giving us lots of room to continue to grow over the medium-long term.

This was achieved in an extremely challenging market for the UK mortgage market as a whole and with BTL gross lending volumes down by 49% to £29bn (2022 - £57.2m) according to UK Finance. This was the lowest level for gross lending within BTL since 2014. This was down to the significant increases in mortgage rates from mid-2022 onwards meaning that affordability tests for landlords became more challenging, particularly in lower yielding areas of the UK like London and the South-East.

Landbay's target market of professional/semi-professional landlords proved to be more resilient in this environment. At the end of 2023, over 345,000 business were incorporated at Companies House for the purpose of BTL. This was up by 11.6% from the end of 2022 (310,000) (Source: Hamptons Research). Landbay's percentage of lending that was for purchases (as opposed to re-financing an existing mortgage) remained at just over 40%, which was in line with 2022. This compares with an industry average of 28% in 2023, down from over 30% in 2022. This illustrates that Landbay's customers are still looking to grow their portfolios, despite the demanding macroeconomic backdrop.

LANDBAY PARTNERS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

At the end of 2023, 0.24% of Landbay's managed mortgages were at 90 day+ arrears. This compares to a UK average of 0.82%, illustrating the strong underwriting approach and process that Landbay undertakes on behalf of our funding partners.

Landbay's market-share of BTL originations increased from 1.33% (2022) to 2.41% (2023).

	6 months ended 31 December 2023	6 months ended 30 June 2023	6 months ended 31 December 2022	6 months ended 30 June 2022
Landbay managed mortgages at end of period	£2.16bn	£1.85bn	£1.62bn	£1.22bn
UK outstanding BTL mortgages at end of period	£300.9bn	£304.0bn	£301.6bn*	£291.5bn*
Landbay share of UK BTL mortgages outstanding	0.72%	0.59%	0.54%	0.42%
Landbay BTL mortgage originations in the period	£0.40bn	£0.30bn	£0.47bn	£0.28bn
UK gross originations in the period	£13.9bn	£15.2bn	£29.2bn*	£28.0bn*
Landbay share of UK BTL mortgage originations	2.88%	1.97%	1.61%	1.00%

We continue to build our brand and reputation for service in the intermediary market. At the end of 2023 we had 5,487 broker firms registered on our platforms, an increase of 15.5% from 2022. Our dedication to service culminated in an outstanding performance in the Smart Money People Mortgage Lender Benchmark report for 2023 where we were named joint 1st in Specialist Lenders league table and joint 3rd for the BTL Lender league table. In the same report our Business Development team had the highest satisfaction rate of 94% amongst brokers surveyed.

In addition, over the course of 2023 we were shortlisted for a long list of industry awards. Those that we won included; Best Service from a BTL Mortgage Provider from Business MoneyFacts, Best BTL Mortgage Lender at the Personal Finance Awards and Best BTL Mortgage Lender at the What Mortgage Awards. In addition, we were named Best Market Research & Insights at The Mortgage Industry Mortgage Awards.

In 2023 Landbay has demonstrated the efficiencies of our business model as we continue to scale in size whilst maintaining tight control over our overhead costs. Gross profit grew by 16% vs 2022 whereas our overheads increased by only 6% vs 2022 (including IFRS 16 lease interest but excluding depreciation, amortisation and the P&L impact of any capitalised costs used to generate intangible assets). Landbay has continued to grow headcount in certain areas of the business in line with our confidence in trading during 2024.

LANDBAY PARTNERS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Technology

Following the launch of our award-winning broker portal in 2022, which was the final piece to Landbay's proprietary origination and underwriting platform (LOUIS), in 2023 we focused our investment on automation, underwriting efficiencies, and financial controls.

On the automation side, the release of our AVM product range saw us become the first specialist buy-to-let lender to use automated valuation models (AVMs) for new origination, which was further supplemented by our new document requirements engine to automatically identify what supporting documents are required, as well as integrating to a third-party data provider to retrieve additional property data to supplement the underwriting decision. We also improved the speed and control at which we identify borrowers, with an integration to a leading identification and verification provider to automate identity authentication.

Whilst these changes ensure our brokers continue to receive the best application submission experience in the market, and our underwriters have the appropriate tools to make fast and accurate case decisions, we also enhanced LOUIS to improve the speed and accuracy at which we process mortgage payment collections, further enabling more transparent reporting to our funding partners.

Significant technical investment was made in 2023 and continues into 2024 to automate security and deployment capabilities, including replatforming to Kubernetes, resulting in increased development efficiencies across the engineering capability at Landbay.

Environmental, Social & Governance:

Over the course of 2023 we engaged with Plan A to audit the carbon footprint of Landbay. Scope 1 and Scope 2 emissions were estimated at 39 tonnes of CO2 and Scope 3 emission were estimated at 624 tonnes for the 2023 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 an employee led ESG Committee to suggest initiatives to do this. We were pleased to be awarded "ESG initiative of the Year" at the 2023 Money Age Mortgage Awards.

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, flexible leave, 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), winning Best Employer for the UK Fintech Awards in 2023, an eNPS of 33, 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 2023, Landbay contributed £40k (2022- £37k) 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 including mentoring those new to the workplace, supporting their food bank and hosting sports days for children at the centre. Further charitable activity during the year included the donation of unused IT equipment to a local school.

LANDBAY PARTNERS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Risks and uncertainties:

The Company is not exposed to direct credit risk with institutional investors retaining beneficial interest in the loans. All loans are subject to stringent credit and affordability criteria, secured against residential properties valued independently. In the unlikely event of a borrower defaulting on repayments, which cannot be recovered, as a last resort the property is managed through receivership or repossessed to repay the original loan capital plus arrears and costs, though this may still result in a shortfall. In common with the broader market, interest rate, liquidity and economic risks may affect revenue and loan performance.

The following key macro risks that can adversely affect our markets and business include:

- Changes in interest rates;
- An economic downturn resulting in high unemployment;
- Sustained high inflation;
- Tighter lending criteria from financial institutions;
- Slowdown in the private rental segment of the residential housing market;
- Changes in taxation policies and regulation;

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

In addition to the regular Board and Executive Management meetings, the Company maintains Corporate Governance through various Governance Committees, including a Credit Committee and Risk and Controls Committee. 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.

Outlook

UK Finance is predicting another challenging year for the BTL mortgage market with it forecasting £26bn of completions in 2024 (7% down on 2023 volumes). Early indications and the recent path of mortgage rates, suggest that is overly cautious and we would expect it to be at least in line with 2023. However, even in that environment we would expect to grow our market share in BTL originations, and to grow the book of Landbay managed mortgages by c.25% this financial year. This is supported by a strong pipeline of mortgage applications at the beginning of 2024, funder appetite for our product and an increased base of mortgage intermediaries that use Landbay.

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.


LANDBAY PARTNERS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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 Company holds weekly 'stand ups' to communicate with all employees and provide the opportunity for questions to be asked. 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. Periodic meetings are held with key suppliers to discuss performance and future plans and provide the opportunity for feedback to be provided.
- The impact of the Company's operations on the community and environment - the Company supports good causes and the welfare of our wider community with several fundraising initiatives throughout the year, including a Homeless Charity, which the directors believe is an important contribution, not only financially, but other areas such as skills and employment. The Company provides the opportunity to its employees to have paid time off work to spend volunteering with charitable causes.
- 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 (Mar 6, 2024 18:10 GMT)

J R Goodall
Director

Date: 06/03/2024

LANDBAY PARTNERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

Results and dividends

The loss for the year, after taxation, amounted to £950,091 (2022 - £1,369,801).

The directors do not recommend a future payment of a dividend (2022 - £Nil).

Directors

The directors who served during the year were:

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

Funding

The Company issued shares totalling £712,994 during the year.

Future developments

The directors expect to grow Landbay's market share in BTL originations and the book of Landbay managed mortgages during 2024. This is supported by a strong pipeline of mortgage applications at the beginning of 2024.

Employees

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

Health, safety and the environment

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

LANDBAY PARTNERS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Going concern

At the year end the Company had made a total comprehensive loss for the year of £950,091 (2022 - £1,369,801). 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.

Auditor

The auditor, CLA Evelyn Partners Limited, 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 Goodall (Mar 6, 2024 18:10 GMT)

J R Goodall
Director

Date: 06/03/2024

LANDBAY PARTNERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

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 International Financial Reporting Standards (IFRS) as adopted by the UK.

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 IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

LANDBAY PARTNERS LIMITED

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

Opinion

We have audited the financial statements of Landbay Partners Limited (the 'Company') for the year ended 31 December 2023 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

LANDBAY PARTNERS LIMITED

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

Other information

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

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 8, 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.

LANDBAY PARTNERS LIMITED

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

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

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.

To gain evidence about compliance with the significant laws and regulations above we reviewed the Company's board meeting minutes 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.

LANDBAY PARTNERS LIMITED

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

The procedures we carried out to gain evidence in the above areas included;

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

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

Use of our report

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

Guy Swarbreck

Guy Swarbreck (Mar 6, 2024 18:52 GMT)

Guy Swarbreck (Senior Statutory Auditor)

for and on behalf of
CLA Evelyn Partners Limited

Chartered Accountants
Statutory Auditor

45 Gresham Street
London
EC2V 7BG

Date: 06/03/2024

LANDBAY PARTNERS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Revenue	4	37,685,472	21,574,821
Cost of sales		(23,026,474)	(8,901,771)
Gross profit		14,658,998	12,673,050
Other operating income		101	198
Administrative expenses		(15,982,426)	(14,790,898)
Operating loss	6	(1,323,327)	(2,117,650)
Finance income	9	20,113	-
Finance expense	9	(48,039)	(52,917)
Loss before tax		(1,351,253)	(2,170,567)
Tax credit	10	401,162	800,766
Loss for the year		(950,091)	(1,369,801)

All income relates to continuing operations.

The notes on pages 19 to 38 form part of these financial statements.

There was no other comprehensive income for 2023 (2022 - £Nil).

LANDBAY PARTNERS LIMITED
REGISTERED NUMBER: 08668507


STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 £	As restated 2022 £
Assets			
Non-current assets			
Property, plant and equipment	11	380,700	938,130
Intangible assets	12	4,464,598	4,279,107
		<u>4,845,298</u>	<u>5,217,237</u>
Current assets			
Trade and other receivables	13	2,398,087	2,229,769
Cash and cash equivalents		1,632,965	528,277
		<u>4,031,052</u>	<u>2,758,046</u>
Total assets		<u>8,876,350</u>	<u>7,975,283</u>
Liabilities			
Non-current liabilities			
Bank loan	17	25,780	35,650
Finance lease liability	17	-	190,047
		<u>25,780</u>	<u>225,697</u>
Current liabilities			
Trade and other liabilities	15	5,984,788	3,849,885
Loans and borrowings	17	190,046	587,119
		<u>6,174,834</u>	<u>4,437,004</u>
Total liabilities		<u>6,200,614</u>	<u>4,662,701</u>
Net assets		<u>2,675,736</u>	<u>3,312,582</u>
Issued capital and reserves			
Share capital	16	2,406	2,386
Share premium reserve	18	20,898,742	20,195,038
Deferred equity	18	-	390,479
Retained earnings	18	(18,225,412)	(17,275,321)
Total Equity		<u>2,675,736</u>	<u>3,312,582</u>

LANDBAY PARTNERS LIMITED
REGISTERED NUMBER: 08668507

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2023

The financial statements on pages 13 to 38 were approved and authorised for issue by the board of directors and were signed on its behalf by:


Michael Lifford (Mar 6, 2024 18:23 GMT)

M Lifford
Director

Date: 06/03/2024

The notes on pages 19 to 38 form part of these financial statements.

LANDBAY PARTNERS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital £	Share premium £	Deferred equity £	Retained earnings (restated) £	Total equity (restated) £
At 1 January 2022 (as previously stated)	2,386	20,195,038	-	(15,752,501)	4,444,923
Adjustment to opening retained earnings position	-	-	-	(153,019)	(153,019)
At 1 January 2022 (as restated)	2,386	20,195,038	-	(15,905,520)	4,291,904
Comprehensive income for the year					
Loss for the year	-	-	-	(1,369,801)	(1,369,801)
Total comprehensive income 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 (as restated)	2,386	20,195,038	390,479	(17,275,321)	3,312,582
At 1 January 2023 (As restated)	2,386	20,195,038	390,479	(17,275,321)	3,312,582
Comprehensive income for the year					
Loss for the year	-	-	-	(950,091)	(950,091)
Total comprehensive income for the year	-	-	-	(950,091)	(950,091)
Contributions by and distributions to owners					
Issue of share capital	20	712,974	-	-	712,994
Adjustment to deferred equity	-	-	(390,479)	-	(390,479)
Equity issuance costs	-	(9,270)	-	-	(9,270)
Total contributions by and distributions to owners	20	703,704	(390,479)	-	313,245
At 31 December 2023	2,406	20,898,742	-	(18,225,412)	2,675,736

LANDBAY PARTNERS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	2022 £
Cash flows from operating activities		
Loss for the year	(950,091)	(1,369,801)
Adjustments for		
Depreciation of property, plant and equipment	618,373	665,084
Amortisation of intangible fixed assets	2,439,845	2,231,358
Finance expense	48,038	52,917
Interest received	(20,113)	-
Gain on sale of property, plant and equipment	(1,454)	(1,955)
Income tax credit	(401,162)	(920,884)
	<u>1,733,436</u>	<u>656,719</u>
Movements in working capital:		
Increase in trade and other receivables	(576,502)	(496,182)
Increase in trade and other payables	2,950,968	1,949,409
	<u>4,107,902</u>	<u>2,109,946</u>
Cash generated from operations	<u>4,107,902</u>	<u>2,109,946</u>
Net cash from operating activities	<u>4,107,902</u>	<u>2,109,946</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(67,634)	(87,858)
Proceeds from disposal of property, plant and equipment	1,454	1,955
Purchase of intangibles	(2,625,335)	(2,821,488)
Interest received	20,113	-
	<u>(2,671,402)</u>	<u>(2,907,391)</u>
Net cash used in investing activities	<u>(2,671,402)</u>	<u>(2,907,391)</u>

LANDBAY PARTNERS LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	2022 £
Cash flows from financing activities		
Issue of ordinary shares	313,216	-
Loans repaid	(9,870)	(9,626)
Deferred equity	-	390,479
Interest paid	(23,080)	-
Payment of lease liabilities	(612,078)	(918,118)
Net cash used in financing activities	(331,812)	(537,265)
Net increase/(decrease) in cash and cash equivalents	1,104,688	(1,334,710)
Cash and cash equivalents at the beginning of year	528,277	1,862,987
Cash and cash equivalents at the end of the year	<u>1,632,965</u>	<u>528,277</u>

The reconciliation of net debt note has not been included due to the Company not having any material debts.

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Reporting entity

Landbay Partners Limited (the 'Company') is a private company limited by shares 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.

2.2 Going concern

At the year end the Company had made a total comprehensive loss for the year of £950,091 (2022 - £1,369,801). 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 a period of 12 months after the signing of the accounts.

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

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.3 Revenue recognition

Revenue represents fees receivable from institutional funders and borrowers for the origination, underwriting and services of mortgages.

Application fees

Fees are due from borrowers as part of the application process. They are non-refundable and therefore recognised as revenue irrespective of whether the loan completes.

Product fees

Fees are due from borrowers at loan completion and in most cases are added to the loan. The gross product fee is recognised in full as revenue at loan completion; if applicable an agreed share of the product fee is passed on back to the funder which is recognised in full as cost of sales.

Loan Management fees

The Company acts as the administrator of the loans and collects interest on behalf of the institutional funders which is receivable from borrowers throughout the term. All interest received by the Company is paid to institutional funders and is not recognised as revenue by the Company. The Company charges institutional funders a loan management fee for servicing and administering loans. In accordance with the payment terms, loan management fees are received in the month following the date of the invoice.

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 institutional funders 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 interest receivable on cash held on behalf of funding partners.

2.4 Property, plant and equipment

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

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

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

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 property, 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.

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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.

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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.

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

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

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

4. Revenue

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

	2023 £	2022 £
Loan management fees	7,538,122	5,505,781
Application & valuation fees	3,964,217	3,321,879
Product & other origination fees	26,109,259	12,450,060
Other	73,874	297,101
	<u>37,685,472</u>	<u>21,574,821</u>
	2023 £	2022 £
Product fee notation information		
Product and other origination fees	26,109,259	12,450,060
Product fee share to institutional funders	(13,911,775)	(59,280)
	<u>12,197,484</u>	<u>12,390,780</u>
Underlying product fee revenue		

The Company has recognised other revenue in respect of partially reimbursed professional fees incurred by the Company; the associated costs were booked as cost of sales.

Analysis of revenue by country of destination:

	2023 £	2022 £
United Kingdom	36,737,608	20,511,708
Rest of the world	947,864	1,063,113
	<u>37,685,472</u>	<u>21,574,821</u>

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

5. Auditor's remuneration

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

	2023 £	2022 £
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	94,956	61,800
Non-audit services:		
- Other assurance related services	14,940	13,700
- Accounts preparation	5,292	4,800
- Tax compliance	8,874	6,330
- Other tax services	66,660	48,000
	<u> </u>	<u> </u>

6. Operating loss

Operating loss is stated after charging/(crediting):

	2023 £	2022 £
Depreciation of property, plant and equipment	625,064	665,084
Amortisation of intangible fixed assets	2,439,845	2,231,358
Gain on sale of property, plant and equipment	(1,454)	(1,955)
Loss on foreign exchange differences	8,226	7,273
	<u> </u>	<u> </u>

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. Employee benefit expenses

	2023 £	2022 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	10,349,910	8,859,528
National insurance	1,228,660	1,121,968
Defined contribution pension cost	536,038	474,483
	<u>12,114,608</u>	<u>10,455,979</u>

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

	2023 No.	2022 No.
Sales & marketing	30	28
Engineering, product & data	37	35
Operational & administrative	81	69
	<u>148</u>	<u>132</u>

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	<u>792,519</u>	<u>675,507</u>

Included within directors' emoluments are benefits in relation to defined contribution pension schemes totalling £38,782 (2022 - £44,024) and other benefits of £3,569 (2022 - £1,974).

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

	2023	2022
Defined contribution schemes	<u>3</u>	<u>3</u>

The highest paid director's emoluments were as follows:

	2023 £	2022 £
Emoluments and other benefits	291,427	240,902
Company contributions to pension schemes	16,521	24,861
	<u>307,948</u>	<u>265,763</u>

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9. Finance income and expense

Recognised in profit or loss

	2023 £	2022 £
Bank interest receivable	20,113	-
Total finance income	<u>20,113</u>	<u>-</u>
Finance expense		
Finance leases (interest portion)	24,959	52,917
Other Interest Payable	23,080	-
Total finance expense	<u>48,039</u>	<u>52,917</u>
Net finance expense recognised in profit or loss	<u>(27,926)</u>	<u>(52,917)</u>

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10. Taxation

10.1 Income tax recognised in profit or loss

	2023 £	2022 £
Current tax		
Current tax on profits for the year	(401,162)	(800,766)

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:

	2023 £	2022 £
Loss for the year	(950,091)	(1,369,801)
Income tax credit/expense (including income tax on associate, joint venture and discontinued operations)	(401,162)	(800,766)
Loss before income taxes	(1,351,253)	(2,170,567)
Tax using the Company's domestic tax rate of 23.52% (2022 - 19%)	(317,815)	(412,408)
Expenses not deductible for tax purposes	25,111	21,588
Fixed asset differences	1,636	(2,780)
Temporary differences not recognised in the computation	-	7,049
Surrender of tax losses for R&D tax credit refund	448,153	248,513
Additional deduction for R&D expenditure	(509,991)	(593,070)
Movement in deferred tax not recognised	(49,320)	(79,541)
Accounting adjustments and transfers	-	9,883
Remeasurement of deferred tax for changes in tax rates	1,064	-
Total tax expense	(401,162)	(800,766)

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10. Taxation (continued)

10.1 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 £2,041,373 (2022 - £2,080,403) 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 2023

11. Property, plant and equipment

	Leasehold improvements £	Right-of-use asset £	Fixtures & fittings £	Computer equipment £	Total £
Cost					
At 1 January 2022	133,593	2,505,441	291,981	479,277	3,410,292
Additions	-	-	34,618	53,240	87,858
Disposals	-	-	-	(5,524)	(5,524)
At 31 December 2022	133,593	2,505,441	326,599	526,993	3,492,626
Additions	-	-	-	67,634	67,634
Disposals	-	-	-	(6,691)	(6,691)
At 31 December 2023	133,593	2,505,441	326,599	587,936	3,553,569
Accumulated depreciation and impairment					
At 1 January 2022	82,332	1,265,703	273,301	273,600	1,894,936
Charge for the year	26,720	495,780	33,856	108,728	665,084
Disposals	-	-	-	(5,524)	(5,524)
At 31 December 2022	109,052	1,761,483	307,157	376,804	2,554,496
Charge for the year	13,347	496,068	15,609	100,040	625,064
Disposals	-	-	-	(6,691)	(6,691)
At 31 December 2023	122,399	2,257,551	322,766	470,153	3,172,869
Net book value					
At 1 January 2022	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
At 31 December 2023	11,194	247,890	3,833	117,783	380,700

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

12. Intangible assets

	Software £
Cost	
At 1 January 2022	8,915,947
Additions	2,821,488
At 31 December 2022	11,737,435
Additions	2,625,336
At 31 December 2023	14,362,771
	Software £
Accumulated amortisation and impairment	
At 1 January 2022	5,226,970
Charge for the year	2,231,358
At 31 December 2022	7,458,328
Charge for the year	2,439,845
At 31 December 2023	9,898,173
Net book value	
At 1 January 2022	3,688,977
At 31 December 2022	4,279,107
At 31 December 2023	4,464,598

The amortisation charge for the year is disclosed in administrative expenses.

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

13. Trade and other receivables

	2023 £	2022 £
Trade receivables	1,417,234	743,520
Prepayments and accrued income	326,189	403,875
Tax recoverable	401,162	800,765
Other receivables	253,502	281,609
Total trade and other receivables	<u>2,398,087</u>	<u>2,229,769</u>

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

14. Cash and cash equivalents

Client money

Prior to December 2019 Landbay operated an "electronic system in relation to lending" to support its regulated consumer Peer-to-Peer business. Since ceasing regulated activity in December 2019, Landbay has returned client money and in May 2023 applied to the Financial Conduct Authority (FCA) to cancel all permissions. This was approved by the FCA in December 2023 and as such Landbay no longer holds any money on behalf of retail clients (2022 - £5,251) and is not subject to Client Money rules of the FCA.

15. Trade and other payables

	2023 £	2022 £
Trade payables	3,558,299	1,601,226
Other creditors	135,253	166,048
Accruals and deferred income	1,833,319	1,110,095
Other taxes and social security	457,917	972,516
Total trade and other payables	<u>5,984,788</u>	<u>3,849,885</u>

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

All trade and other payables are current liabilities.

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

16. Share capital

	2023 £	2022 £
Allotted and fully paid		
24,062,804 (2022 - 23,855,538) Ordinary of shares £0.0001 each	<u>2,406</u>	<u>2,386</u>

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

On 30 August 2023 the Company issued 207,266 Ordinary shares with nominal value £0.0001, for a total consideration of £712,995. £712,974 was included within Share Premium in the year.

17. Loans and borrowings

	2023 £	As restated 2022 £
Non-current		
Bank loans	25,780	35,650
Lease liabilities	-	190,047
	<u>25,780</u>	<u>225,697</u>
Current		
Lease liabilities	190,046	587,119
Total loans and borrowings	<u>215,826</u>	<u>812,816</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.

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

18. 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.

19. 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 2023. 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 have been recognised in profit or loss:

	2023 £
Balance as at 1 January 2023 (as restated)	777,166
Lease payments	(612,079)
Interest expense	24,959
Balance as at 31 December 2023	<u>190,046</u>

Prior period restatement

An error was noted in respect of the lease liability calculation following the extension of the lease in 2021 and the directors have taken the decision to correct it. The correction of this error has resulted in an adjustment to the opening reserves in 2022 and the opening retained earnings in 2023.

LANDBAY PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

20. Share-based payments

Employee share option plan of the Company

Share options

The Company has a HMRC approved share option scheme for certain employees. The options are only exercisable in the event of a sale or listing of the Company and will be settled in equity once exercised. Options are forfeited if an individual leaves the Company before the options vest and if the options remain unexercised after a period of 10 years from the date of grant, they will expire. Since no sale or listing of the Company is considered probable, no charge has been recognised for share based payments (2022 - £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 (2022 - £Nil).

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

	Number of options	2023 Weighted average exercise price £	Number of options	2022 Weighted average exercise price £
Balance at the beginning of the year	3,810,132	0.67	3,624,954	0.56
Granted during the year	256,975	1.51	207,994	2.86
Expired during the year	(232,772)	0.45	(22,816)	2.25
Balance at the end of the year	3,834,335	0.74	3,810,132	0.67

LANDBAY PARTNERS LIMITED

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20. Share-based payments (continued)

Out of the 3,834,335 (2022 - 3,810,132) outstanding options. No options (2022 - No options) were exercisable as at 31 December 2023. Of the outstanding options at the year end, 879,818 options (2022 - 837,466 options) have been issued to directors.

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

Grant date	Expiry date	Exercise price £	Share options	
			2023 Number	2022 Number
HMRC approved share scheme				
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	385,250	438,250
21 December 2018	21 December 2028	1.28	142,600	142,600
22 November 2019	22 November 2029	1.81	138,574	151,534
23 December 2020	23 December 2030	2.25	43,400	47,400
1 July 2021	1 July 2031	2.25	122,929	127,425
1 July 2021	1 July 2031	2.25	52,403	60,328
15 December 2021	15 December 2031	3.44	8,500	12,500
1 January 2022	1 January 2032	3.44	108,854	108,854
1 June 2022	1 June 2032	3.44	61,550	62,050
1 Feb 2023	1 Feb 2033	3.44	<u>107,040</u>	<u>-</u>
			2,135,100	2,114,941
Growth share scheme				
23 December 2019	23 December 2029	0.0001	1,025,000	1,125,000
23 December 2020	23 December 2030	0.0001	198,283	212,045
1 July 2021	1 July 2031	0.0001	73,237	72,457
1 October 2021	1 October 2031	0.0001	230,599	250,599
1 January 2022	1 February 2032	0.0001	5,090	5,090
1 May 2022	1 May 2032	0.0001	30,000	30,000
16 Mar 2023	16 Mar 2023	0.01	<u>137,026</u>	<u>-</u>
			1,699,235	1,695,191
			3,834,335	3,810,132

21. Related party transactions

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. In the opinion of the board, the Company's key management comprises the directors and information regarding their emoluments stated in accordance with IFRS is set out in Note 8.

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 £2,116,826 (2022 - £1,307,225). As at 31 December 2023, the company owed amounts to the related party totalling £410,652 (2022 - £334,452).

During the year a number of Directors and their family members subscribed for and were issued shares in the Company as part of the fundraising that was concluded during the year. The total number of shares issued to related parties was 74,856 (2022 - Nil) and the price paid was £3.44 (2022 - £Nil).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

22. Financial instruments

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

Market risk

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

Interest rate risk

The Company is exposed to interest rate risk to the extent that changes to interest rates could impact the affordability of mortgages, therefore impacting funding for mortgage lending.

In respect of both market risk and interest rate risk, the Company does not consider there to be a directly proportional relationship between origination volumes and overall market conditions. A 1% change in origination volumes vs the prior year would lead to approximately a £176,000 change in underlying revenue.

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 2023 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 £2,675,736 at 31 December 2023 (2022 - £3,312,582).

Prior to December 2019 Landbay operated an "electronic system in relation to lending" to support its regulated consumer Peer-to-Peer business. Since ceasing regulated activity in December 2019, Landbay has returned client money and in May 2023 applied to the Financial Conduct Authority (FCA) to cancel all permissions. This was approved by the FCA in December 2023 and as such Landbay no longer holds any money on behalf of retail clients (2022 - £5,251) and is not subject to Client Money rules of the FCA, nor is it regulated by the FCA nor subject to any regulatory capital obligations.

23. Controlling party

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