

COMPANY REGISTRATION NUMBER: 08820870

London House Exchange Limited
Financial Statements
31 December 2023



London House Exchange Limited

Financial Statements

Year ended 31 December 2023

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Independent auditor's report to the members	7
Statement of comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Statement of cash flows	15
Notes to the financial statements	16

London House Exchange Limited

Officers and Professional Advisers

The board of directors

N Calamari
M Lamont
K Ryan

Registered office

55 Baker Street, London, England, W1U 7EU
Baker Street
London
England
W1U 7EU

Auditor

Shipleys LLP
Chartered accountants & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

London House Exchange Limited

Strategic Report

Year ended 31 December 2023

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2023.

Summary

In accordance with Section 414A(1) of the Companies Act 2006, the directors have prepared a strategic report which includes a review of the business of London House Exchange Limited ("LHX").

Business review

The Company is a property crowdfunding platform and trading exchange. The Company brings accessibility, flexibility and simplicity to an industry that has traditionally had high barriers to entry. The Company allows its investor base to invest in property assets, earn rental income and use the trading exchange to trade their investments.

London House Exchange ("LHX") is the largest company of its type in the UK, with approximately £130m in property investments under management. The Company was launched on 19 January 2015 and is now in its tenth year of trading.

LHX was acquired by Better Holdco Inc, a company incorporated in the United States of America ("Better") in September 2021.

Better is a digitally native homeownership company, serving customers in all 50 US states and the United Kingdom through its suite of products including residential mortgage, insurance and real estate services. In just six years since launch, Better has leveraged its industry-leading technology platform, Tinman™, to fund more than \$100 billion in mortgage volume. From 2019-2022, Better completed approximately \$98 billion in mortgage volume, more than \$4 billion in real estate transaction volume, as well as \$39 billion in coverage written through its insurance arm.

Better is committed to investing in, growing, and enhancing the LHX platform for the long-term, bringing the simplicity and ease of fractional property trading to more customers in the United Kingdom and globally.

The Company generates revenues primarily from (i) recurring monthly AUM fees, and (ii) one-off transaction fees. LHX provides transparent pricing which is clearly presented on its website.

Principal risks and uncertainties

The principal risks to the company include:

- **Regulatory risk:** the company is a regulated entity that operates in a nascent industry. Any change in regulation could have an adverse impact on the company. LHX is required to abide by the rules and requirements of the FCA, including the maintenance of sufficient regulatory capital.
 - **Working capital risk:** the company must monitor working capital to ensure it is sufficient to meet operational needs for the development and growth of the company.
 - **Competition risk:** there is continual interest from international and domestic businesses in the industry in which the company operates. LHX has successfully differentiated itself by offering a regulated secondary market which provides liquidity to investors, and a sophisticated technology enabled platform.
 - **Fraud risk:** due to the nature of the business, the company is at risk from external fraud. Robust controls are maintained to mitigate risks such as customer identity verification and bank verification procedures.
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London House Exchange Limited

Strategic Report *(continued)*

Year ended 31 December 2023

- Reputational risk: were the brand to be affected in any way, through bad publicity or negative associations, this could impact customer confidence and damage business prospects.
- Systems risk: the operations of the company are highly dependent on technology. A failure of the company's core systems or customer interfaces could pose significant risk to the business. The company has controls in place to mitigate such risks, such as DDoS (Distributed Denial of Service) and data encryption.
- Property market volatility: changes in property values could directly impact the level of revenues and investor confidence.
- Client investment sentiment: changes in client demand and affordability could directly impact the level of revenues.

The company has a compliance manual and policies to reduce compliance risk and to ensure the company adheres to all regulatory requirements. This is the responsibility of the Compliance Officer who manages the process. The Board manages risk in relation to performance through regular meetings of the Board and review of monthly financial information.

Financial key performance indicators

The Directors monitor (i) turnover, (ii) operating costs, (iii) net assets and (iv) cash at bank, on a monthly basis. For the year ending 31 December 2023 turnover was £0.4m, compared with £0.6m in 2022. Operating costs were £2.6m, compared with £2.2m in 2022. Net assets were £2.4m, compared with £3.5m in 2022 and cash at bank was £2.2m compared with £2.6m in 2022.

Other key performance indicators

The Company's key performance indicators ('KPIs') are monitored by the directors on a regular basis including; (i) total funds invested through the platform, (ii) number of investors, (iii) average investment per investor, (iv) property assets under management and (v) secondary market trading volumes and prices.

At 31 December 2023, total funds invested through the platform were £146m (2022 - £140m), of which £79m (2022 - £77m) was investment through new property listings. £57m (2022 - £55m) was invested through the secondary market and £10m (2022 - £8m) was invested in debt bonds. The total number of investors were 9,121 (2022 - 9,209) and average investment per investor was £9,790 (2022 - £9,281).

Property assets under management were approximately £130m (2022 - £129m).

Secondary market trading for the year ending 31 December 2023 was £1.9m, compared with £3.9m in 2022.

Employees

London House Exchange Limited is committed to equal opportunities in the workplace. The company identified skills that are required to perform the business operations and this influences its hiring strategy. The performance of the company is communicated to staff on a regular basis.

Future developments

LHX technology and regulatory authorisations can be adapted as a solution to major issues within the housing market - in the form of an LHX-as-a-service offerings, providing a flexible way of creating

London House Exchange Limited

Strategic Report *(continued)*

Year ended 31 December 2023

listed (and therefore tradable) investment products, and thus the ability to raise capital and/or release equity. The distinctive nature of the platform and the ability to fractionalise assets can be harnessed to create unique products and solutions within the property market, and we are planning on taking some of these projects forward.

Section 172 Statement

The directors of the company must act in accordance with a set of duties which are detailed in Section 172 of the Companies Act 2006. The directors act in such a way as to ensure that the company is run in the best interest of all its shareholders.

Our People:

The company is committed to being a responsible business. The company endeavours to meet the expectations of all concerned with the company (shareholders, employees and directors).

Business Relationships:

The company understands the importance of having a good relationship with all those who deal with the company.

Community, Environment and Shareholders:

The company is mindful of any impact its operations may have on the community and the environment. The company acts in such a way as to be fair to all its shareholders and communicates with them on a regular basis.

This report was approved by the board of directors on ^{15 April 2024} and signed on behalf of the board by:

Michael Lamont

M Lamont
Director

London House Exchange Limited

Directors' Report

Year ended 31 December 2023

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

Principal activities

The principal activity of London House Exchange Limited is to provide retail and professional investors access to property investments, and to provide investment liquidity through a trading platform.

Directors

The directors who served the company during the year were as follows:

N Calamari	
K Ryan	
M Lamont	(Appointed 1 August 2023)
W B Bath	(Resigned 3 July 2023)

Dividends

The directors do not recommend the payment of a dividend.

Greenhouse gas emissions and energy consumption

Information not included

The Company has taken an exemption on the disclosures required by The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, on the basis of having consumed less than 40,000 kWh in the UK during the period.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 15 to the financial statements.

Disclosure of information in the strategic report

Information regarding principal risks and uncertainties, and future developments have been discussed in the strategic report.

Directors' responsibilities statement

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

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

London House Exchange Limited

Directors' Report *(continued)*

Year ended 31 December 2023

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent.

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 15 April 2024 and signed on behalf of the board by:

Michael Lamont

M Lamont
Director

London House Exchange Limited

Independent Auditor's Report to the Members of London House Exchange Limited

Year ended 31 December 2023

Opinion

We have audited the financial statements of London House Exchange Limited (the 'company') for the year ended 31 December 2023 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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 United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

London House Exchange Limited

Independent Auditor's Report to the Members of London House Exchange Limited *(continued)*

Year ended 31 December 2023

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

London House Exchange Limited

Independent Auditor's Report to the Members of London House Exchange Limited *(continued)*

Year ended 31 December 2023

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined the most significant are those that relate to the reporting framework ((FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006)) and the relevant tax compliance regulations in which the Company operates.
 - We understood how the Company is complying with those frameworks by making enquiries on the management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and any correspondence received from regulatory bodies.
 - We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by inquiring with management during the planning, fieldwork and completion phase of our audit. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk including revenue recognition. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
 - Based on this understanding we designed our audit procedures to detect irregularities, including fraud. Testing undertaken included making enquiries of the management; journal entry testing; review of bank letters, and any correspondence received from regulatory bodies; reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
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London House Exchange Limited

Independent Auditor's Report to the Members of London House Exchange Limited *(continued)*

Year ended 31 December 2023

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

London House Exchange Limited

Independent Auditor's Report to the Members of London House Exchange Limited *(continued)*

Year ended 31 December 2023

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Shane Moloney

Shane Moloney (Senior Statutory Auditor)

For and on behalf of
Shipleys LLP
Chartered accountants & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ
15 April 2024

London House Exchange Limited

Statement of Comprehensive Income

Year ended 31 December 2023

	Note	2023 £	2022 £
Turnover	4	405,300	590,306
Gross profit		405,300	590,306
Administrative expenses		(2,598,716)	(2,216,137)
Operating loss	5	(2,193,416)	(1,625,831)
Other interest receivable and similar income		69,675	1,360
Loss before taxation		(2,123,741)	(1,624,471)
Tax on loss		-	-
Loss for the financial year and total comprehensive income		(2,123,741)	(1,624,471)

All the activities of the company are from continuing operations.

The notes on pages 16 to 21 form part of these financial statements.

London House Exchange Limited

Statement of Financial Position

31 December 2023

	Note	2023 £	2022 £
Current assets			
Debtors	8	531,840	1,036,675
Cash at bank and in hand		2,195,363	2,639,931
		<u>2,727,203</u>	<u>3,676,606</u>
Creditors: amounts falling due within one year	9	(373,536)	(199,198)
Net current assets		<u>2,353,667</u>	<u>3,477,408</u>
Total assets less current liabilities		<u>2,353,667</u>	<u>3,477,408</u>
Net assets		<u>2,353,667</u>	<u>3,477,408</u>
Capital and reserves			
Called up share capital	11	412	412
Share premium account	12	32,576,422	31,576,422
Profit and loss account	12	(30,223,167)	(28,099,426)
Shareholders funds		<u>2,353,667</u>	<u>3,477,408</u>

15 These financial statements were approved by the board of directors and authorised for issue on April 2024....., and are signed on behalf of the board by:

Michael Lamont

M Lamont
Director

Company registration number: 08820870

The notes on pages 16 to 21 form part of these financial statements.

London House Exchange Limited

Statement of Changes in Equity

Year ended 31 December 2023

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 January 2022	410	27,576,528	(26,474,955)	1,101,983
Loss for the year	—	—	(1,624,471)	(1,624,471)
Total comprehensive income for the year	—	—	(1,624,471)	(1,624,471)
Issue of shares	2	3,999,894	—	3,999,896
Total investments by and distributions to owners	2	3,999,894	—	3,999,896
At 31 December 2022	412	31,576,422	(28,099,426)	3,477,408
Loss for the year	—	—	(2,123,741)	(2,123,741)
Total comprehensive income for the year	—	—	(2,123,741)	(2,123,741)
Issue of shares	—	1,000,000	—	1,000,000
Total investments by and distributions to owners	—	1,000,000	—	1,000,000
At 31 December 2023	412	32,576,422	(30,223,167)	2,353,667

The notes on pages 16 to 21 form part of these financial statements.

London House Exchange Limited

Statement of Cash Flows

Year ended 31 December 2023

	2023 £	2022 £
Cash flows from operating activities		
Loss for the financial year	(2,123,741)	(1,624,471)
<i>Adjustments for:</i>		
Other interest receivable and similar income	(69,675)	(1,360)
<i>Changes in:</i>		
Trade and other debtors	504,835	(526,937)
Trade and other creditors	174,338	(44,723)
Cash generated from operations	(1,514,243)	(2,197,491)
Net cash used in operating activities	<u>(1,514,243)</u>	<u>(2,197,491)</u>
Cash flows from investing activities		
Interest received	69,675	1,360
Net cash from investing activities	<u>69,675</u>	<u>1,360</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares	1,000,000	3,999,896
Net cash from financing activities	<u>1,000,000</u>	<u>3,999,896</u>
Net (decrease)/increase in cash and cash equivalents	(444,568)	1,803,765
Cash and cash equivalents at beginning of year	<u>2,639,931</u>	<u>836,166</u>
Cash and cash equivalents at end of year	<u>2,195,363</u>	<u>2,639,931</u>

The notes on pages 16 to 21 form part of these financial statements.

London House Exchange Limited

Notes to the Financial Statements

Year ended 31 December 2023

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 55 Baker Street, London, England, W1U 7EU, Baker Street, London, W1U 7EU, England.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

Going concern

The Directors have prepared revised business plans and cash flow forecasts for the next three years, considering sensitivities in relation to both timing and quantum of income and costs. With the strategy of the business geared towards growth, Better have invested additional working capital which was required to facilitate this along with ensuring financial resources are available to the Company to meet its operational needs, liabilities, regulatory requirements, and commitments over the coming 12 months for a period of 12 months from the approval of these financial statements.

Accordingly, the directors believe it to be appropriate to continue to prepare these financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

London House Exchange Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

3. Accounting policies *(continued)*

Revenue recognition

The company had the following revenue sources:

- Monthly AUM fees of 0.7% per annum, charged to the properties.
- Resale market fees of 1%, paid by investors for arranging the issue and/or placement of securities on the secondary market.

Asset under management fees are accounted for on an accruals basis. Revenues earned in respect of property and debt transactions are recognised on the completion of the relevant transaction.

Foreign currencies

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

London House Exchange Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

4. Turnover

London House Exchange Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

4. Turnover *(continued)*

The whole of the turnover is derived from the United Kingdom. An analysis of turnover by business operation is given below:

	2023	2022
	£	£
Resale market revenue	23,068	42,780
AUM fee	377,047	424,648
Other revenue	5,185	122,878
	<u>405,300</u>	<u>590,306</u>

5. Operating profit

Operating profit or loss is stated after charging:

	2023	2022
	£	£
Foreign exchange differences	32	–
Fees payable for the audit of the financial statements	27,000	34,000
Fees payable to the company's auditor for the tax compliance services	–	3,588
Fees payable to the company's auditor for secretarial services	–	683
	<u>–</u>	<u>4,271</u>

6. Employee numbers

The average number of persons employed by the company during the year amounted to 11 (2022: 11). The directors are considered to be the key management personnel of the company.

The aggregate payroll costs incurred during the year, relating to the above, were:

	2023	2022
	£	£
Wages and salaries	1,351,852	1,302,117
Social security costs	172,657	168,871
Other pension costs	52,534	45,868
	<u>1,577,043</u>	<u>1,516,856</u>

7. Taxation

As the company is loss making and with no other tax adjustments, the reconciliation of tax at standard rates has not been prepared.

The best estimate of the Company's unrelieved UK tax losses is £25,649,142 (2022 - £23,910,468), which can be recovered against UK tax profits in the future. A deferred tax asset has not been recognised as it is uncertain that the Company will generate suitable tax profits in the near future.

London House Exchange Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

8. Debtors

	2023	2022
	£	£
Trade debtors	36,121	56,580
Bank term deposits (greater than 3 months)	–	500,000
Other debtors	495,719	480,095
	<u>531,840</u>	<u>1,036,675</u>

9. Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	57,288	9,000
Accruals and deferred income	216,273	92,345
Social security and other taxes	99,975	97,853
	<u>373,536</u>	<u>199,198</u>

10. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £52,534 (2022: £45,868).

11. Called up share capital

Issued, called up and fully paid

	2023		2022	
	No.	£	No.	£
Ordinary shares of £0.0001 each	<u>4,115,468</u>	<u>412</u>	<u>4,115,466</u>	<u>412</u>

The holders of Ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the company.

London House Exchange Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2023

12. Reserves

Called up share capital

Called up share capital reserve represents the nominal value of share issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

13. Analysis of changes in net debt

	At 1 Jan 2023	Cash flows	At 31 Dec 2023
	£	£	£
Cash at bank and in hand	<u>2,639,931</u>	<u>(444,568)</u>	<u>2,195,363</u>

14. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2023	2022
	£	£
Not later than 1 year	<u>12,694</u>	<u>170,188</u>

15. Events after the end of the reporting period

A working capital injection of £0.75m was made by the parent company on 11 March 2024 to the Company in exchange for additional shares in the company.

16. Controlling party

The immediate parent company is LHE Holdings Limited, a company incorporated and registered in Jersey. The company's ultimate parent company is Better Holdco, Inc., a company incorporated and registered in the United States. The largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member is the group headed by Better Holdco, Inc.