

Annual Report and Consolidated Financial Statements
LDF Group Holdco Limited

For the Year Ended 31 December 2021

These are the relevant consolidated parent
accounts for White Oak UK No.5 Limited.

The disclosure note regarding audit exemption
is in Note 14 on Page 30.

Registered number: 08736995



LDH Group Holdings Limited

Company Information

Directors	A Davies T Otte A Hakkak K Berry D Banks
Company Secretary	R Rutherford
Registered Number	08736995
Registered Office	Second Floor HQ Offices 58 Nicholas Street Chester CH1 2NP
Independent Auditor	Deloitte LLP Statutory Auditor The Hanover Building Corporation Street Manchester M4 4AH
Bankers	HSBC Bank plc London Commercial Banking Centre Level 6, 71 Queen Victoria Street London EC4V 4AY

LDI Group Holdings Limited

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LDF Group Holdco Limited

Group Strategic Report

For the Year Ended 31 December 2021

Introduction

The Directors are pleased to present their report and audited financial statements of LDF Group Holdco Limited (the 'Company') and consolidated financial statements for the Group for the year ended 31 December 2021.

Principal Activity

The principal activity of the Company is that of a holding company for investments in a group of companies engaged in the provision and supply of funding to corporate counterparties in the UK SME market. The Company is non-trading and acts only to hold the investment in its wholly owned subsidiary LDF Group Finance Limited.

Founded in 1986 and headquartered in the UK, White Oak's team of 160 professionals supports around 20,000 businesses with their financing needs. White Oak's flexible and efficient approach to providing capital to businesses is reflected in its rating as the number one UK non-bank business finance provider on Feefo with a rating of 5.0/5.0, as of 17 May 2022.

Business Review

The Group's key financial information during the year was as follows:

	Year ended December 2021	Year ended December 2020
Turnover	£49,194,216	£47,779,009
Operating profit	£20,940,324	£17,305,442
Profit before tax	£13,366,247	£11,827,901

The Group has generated turnover of £49.2m for the year ended 31st December 2021 against a prior year comparison of £47.8m. The increase in turnover was primarily in lending activities, £43.1m for 2021 against a prior year comparison of £34.9m, benefiting from book growth due to Coronavirus Business Interruption Loan Scheme (CBILS) lending and a return to normalised core new business volumes following the end of the scheme. The increase was partially offset by reduced commission income earned, £5.0m in 2021 against a prior year comparison of £12.0m, resulting primarily from the cessation of its broking activities in CBILS loans.

Operating Profits for the Group for 2021 are £20.9m, compared to £17.3m for the prior year to December 2020. The increase in operating profits is primarily the result of book growth, favourable impairments and focussed cost management partially offset by reduced commission from brokered CBILS lending.

During 2021 the Group continued to operate a hybrid business model, originating new business on both its own book and brokering out transactions to external third party funders. Total new business volumes for 2021 were £478m (2020: £478m). Own book volumes were £374m (2020: £193m) and externally funded volumes were £104m (December 2020: £285m). The Directors were happy with new business volumes and the credit performance of the portfolio, given the market conditions and ongoing challenges due to the pandemic. In relation to credit performance, credit losses were favourable to expectations within the context of Covid, with SME business customers demonstrating resilience to the ongoing economic pressures. Following the cessation of the CBILS scheme during the year and switching funding of CBILS from another White Oak affiliate to within the Group, a larger proportion of new business was financed on own book and the outstanding portfolio balance increased significantly to £406m (2020: £194m).

The Group continues to originate new business in all industry sectors and as a result the portfolio is highly diversified. Key sectors for the business are professional service companies, construction and administrative & support services.

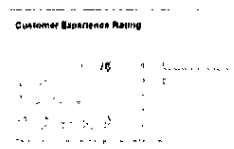
In assessing the performance and development of the Group the Directors consider the following KPI's: new business volumes, overall capital outstanding portfolio balance, average portfolio yield, impairments and cost income ratio. These KPI's have not been presented as the Directors deem that they are not necessary to the users of the financial statements in order to understand the development, performance or position of the Group's business as per s.414C of the Companies Act 2006.

LDF Group Holdings Limited

Group Strategic Report (continued)

For the Year Ended 31 December 2021

The Group continues to be recognised for the services it offers. The Directors are very proud of the recognition the Group has received. The Feefo Platinum Award demonstrates the Group's continued drive and focus on providing exceptional service levels to its customers and the rating is outstanding at 5 stars. Leasing Life recently awarded White Oak 'Best SME Champion - UK Independent or Privately Owned'. In addition White Oak is shortlisted for Best Service from an Asset Based Finance Provider and Best Alternative Business Funding Provider in the Business Moneyfacts 2022 awards.



The Group continues to work closely with its senior debt funding partners to increase both the level and flexibility of funding it can provide on its own book. As at December 2021, the Group had £505m of funding facilities that were drawn to £360m. The Group has a £300m securitisation warehouse facility with Cit Bank which is committed to August 2022 which has subsequently increased to £325m; it has a £51m securitisation warehouse facility with the British Business Bank which is under consideration for renewal and an uncommitted £25m block discounting facility with Aldermore Bank which is, at the Directors instigation, winding down through an orderly run-off process. During 2021, the business established a new £150m asset finance warehouse facility with Barclays to support this important strategic growth asset class for White Oak. The Directors actively review and monitor the performance of all the funding lines, ensuring the Group adheres to any facility criteria and covenants. The Group submits monthly servicing reports to the providers which details the performance of portfolio against a range facility triggers and covenants. The facilities are also subject to audits by the funders.

New equity and share premium of £28,075,183 was issued during the year to support lending operations in the Group. A further £7,433,319 has been issued for the same purpose post year-end.

On 31 December 2020, the transition period for the United Kingdom leaving the European Union ended. The Company is satisfied that the financial impacts of this are minimal.

Future Developments

The Group is committed in its support to UK SME's and will continue to evolve and develop its product offering to its customer base and introduce channels.

Section 172(1) Statement

As a result of section 172(1) of the Companies Act 2006, large private companies are required to publish a separate statement describing how the Directors have paid due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

In light of this requirement, this section 172(1) statement summarises the actions taken by the directors of LDF Group Holdings Limited (the "Company") in conjunction with the directors of the Company's subsidiary undertakings (collectively, the "Group") to demonstrate how they:-

- in continuing to promote the success of the Company, have paid due regard to the matters set out in section 172(1)(a) to (f);
- have continued to engage with the Company's key stakeholders, including its employees, suppliers, customers and others during the financial year; and
- have paid due regard to the interests of the Company's stakeholders and the need for the Company to forge and maintain strong relationships with its key stakeholders, and the effect this has made on decision making throughout the financial year.

The Directors are keenly aware of the requirement to instil a solid corporate governance framework that allows them to discharge their statutory duties effectively. Accordingly, the Directors believe the information and detail contained in this statement address the relevant requirements of section 172(1) of the Companies Act 2006, having due regard to the size and nature of the Company, its subsidiaries and wider corporate structure.

Stakeholders

The Directors consider the following parties as key stakeholders:-

- Customers;
- Employees;
- Shareholders;
- Suppliers;
- Funding Partners; and
- Wider Community

LDF Group Holdings Limited

Group Strategic Report (continued)

For the Year Ended 31 December 2021

Section 172(1) Statement (continued)

Customers

The Directors consider that in order to continue to promote the success of the Company and its subsidiaries, the Group must place customer care at the heart of its business conduct.

The operating companies of the Group routinely approach customers to monitor satisfaction levels and to obtain relevant feedback. The Group currently maintains a rating of 5 out of 5 through its Feefo customer feedback account. In addition, the Group ensures that all customers are treated fairly, and actively promotes this ethos through regular training of all staff in both the FCA's Principles of Business and the Finance & Leasing Association's Business Finance Code. Members of the Group's management team sit on the Finance & Leasing Association's Business Finance Code Steering Group.

Employees

The Directors of the operating companies with employees consider their staff as critical to the success of the business. The Group regularly engage with staff through a combination of routine line management, staff surveys, management briefings and staff representative forums. The Group continues to adopt a quarterly performance management review approach which is designed to foster an environment of regular communication and constructive feedback for the mutual benefit of all staff and management. The Group also supports learning and development of its employees, offering assistance for staff to continue their professional development and obtain relevant professional qualifications and degree level education.

Shareholders

Directors of the Company engage frequently with the management team of the operating subsidiaries on commercial strategy together with representatives of the underlying funds that own the business in order to consider and promote the long term success of the business whilst ensuring the highest standards of market conduct. Throughout the year, this included frequent strategic meetings between the directors and senior management of the operating subsidiaries to assess ongoing performance, identify key strategic aims and set relevant performance benchmarks.

Suppliers

The Directors are keenly aware of ensuring only reputable, competent suppliers are used for key services. The Group believes in treating all suppliers fairly and respectfully, and seeks to honour payment terms as they fall due in line with standard commercially agreed terms. The Group is committed to resolving any disputes in a professional and timely manner.

Funding Partners

The Group engages regularly with key funding partners in order to: provide updates on business strategy and results, formally report on facility utilisation and covenants, and continue to optimise efficient operation of the facilities both ongoing and at renewal dates.

Wider Community

In all decision making the Group is cognisant of its responsibility to take steps where possible to minimise any adverse impacts on the environment, promote good governance and working practices for staff, and support communities through donations and active participation in charitable events. The Group maintained its relationship with the School of Hard Knocks charity and held various charitable initiatives throughout the financial year to raise funds accordingly.

Principal Risks and Uncertainties

The Group faces credit, operational, liquidity, financing, interest rate, regulatory and reputational risk in the course of its normal business activities. The Board of Directors of the Company meet quarterly to discuss the detailed management accounts which highlight performance to budget, key performance indicators and monthly reports from the heads of department. Further details of the risks faced by the Group and how they are mitigated are detailed in note 31.

The Directors are happy with the financial performance of the Group to date and look forward to growing the business further and the challenges that lie ahead.

LDF Group Holdco Limited

Group Strategic Report (continued)

For the Year Ended 31 December 2021

Principal Risks and Uncertainties (continued)

During 2021, the impacts of the Covid-19 pandemic were less significant than for the prior year but were monitored closely. Hybrid working patterns were maintained as required in accordance with government guidelines. Despite the pandemic challenges, the Group was successful in extending its CBILS accreditations and provided significant support to its customers through the scheme. The Group continued to enjoy the support of its senior funding lines in order to offer CBILS lending prior to the cessation of the scheme and to support customers with business as usual operations and in addition was able to establish a new warehouse facility to support growth aspirations in the asset finance market. The Group has seen a broad based recovery in its traditional lending products after the end of the CBILS scheme and expects a full return to pre-Covid levels in 2022. The Directors anticipate an increase in gross credit impairment losses during 2022 compared to 2021 results albeit within risk appetite levels.

The Directors have considered in detail the impact of Covid-19 on the Group's going concern assessment.

On 24 February 2022, Russia commenced a military invasion of Ukraine marking a significant escalation of the war which began in 2014 with the annexation of Crimea. The Directors do not anticipate any significant impact on the financial performance of the Group in relation to these ongoing events.

Going Concern

The financial statements have been prepared on a going concern basis as the Directors are satisfied that the Company has adequate resources including support from its Shareholders to continue in business for the foreseeable future.

In making this decision the Directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet, future projections on profitability, cash flows and capital resources.

Specifically in relation to Covid-19, the Directors have reviewed and considered the Group's liquidity structure and resilience in the event of an extreme stress scenario and are satisfied that the Group's Operating companies are well positioned to manage any ongoing impacts on new business volumes and potential for increased credit losses. The Group has successfully demonstrated operational capability, with all staff working remotely during the periods of lock-down during the financial year, and is well positioned to continue to support customers and the safety of staff in event of any further periods of remote working.

As a result of this assessment, the Directors are satisfied the Company and the Group has adequate resources to continue in business for at least 12 months following the date of these financial statements and therefore consider it appropriate to adopt the going concern basis of accounting in preparing the Company and Consolidated Financial Statements.

This report was approved by the board on 26 May 2022 and signed on its behalf.

DocuSigned by:

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A Davies
Director

LDF Group Holdings Limited

Directors' Report

For the Year Ended 31 December 2021

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

Directors' Responsibilities Statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

An analysis of likely future developments in the business and use of financial instruments is given in the Strategic Report.

Directors

The Directors who served during the year and up to the date of this report were:

A Davies

T Orte

A Hakkak

K Berry (appointed 11 March 2022)

D Banks (appointed 26 April 2022)

J Felton (resigned 25 April 2022)

Directors' Indemnity and Directors' and Officers' Liability Insurance

The Company maintains a Directors' and Officers' Liability Insurance policy which is a qualifying third party indemnity. In accordance with the Company's Articles of Association, the Board may also indemnify a Director from the assets of the Company against any costs or liability incurred as a result of their office, to the extent permitted by law. Neither the insurance policy nor any indemnities that may be provided by the Company provide cover for fraudulent or dishonest actions by the Directors. However, costs may be advanced to Directors for their defence in investigations or legal actions.

LDF Group Holdings Limited

Directors' Report (continued)

For the Year Ended 31 December 2021

Results and Dividends

The results for the year are shown in the Consolidated Statement of Comprehensive Income on page 13. Dividends of £14,591,173 were proposed and distributed for the year ended 31 December 2021 (2020: £9,460,937).

Charitable Donations

The Group made charitable donations of £10,677 (2020: £10,882) and provided each member of staff with a "Charity Day" where they could volunteer for one of the Groups charitable partners.

Environment

The Group is committed to pursuing sound environmental policies in all aspects of its business, and seeks to encourage and promote good environmental practice amongst its employees and within the communities in which it operates.

Employees

The Group's policy is to recruit and promote on the basis of aptitude and ability without discrimination of any kind. Applications for employment by disabled people are always considered bearing in mind the qualifications and abilities of the applicants. In the event of employees becoming disabled every effort is made to ensure their continued employment. The Group's policy is to adopt an open management style, thereby encouraging information consultation at all levels about aspects of the Group's operations.

Disclosure of information to auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- that 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 and the Group's auditor is aware of that information.

Auditor

Deloitte LLP was appointed as the Company and Group's auditor for the year commencing 1 January 2021. Deloitte LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Post Balance Sheet Events

Since year end, the Group has continued to operate effectively in business as usual lending. Following the success of the UK's vaccination programme, staff have returned to normal working practises. The Group remains focussed on the safety and wellbeing of staff as well as providing support to UK SME customers and will continue to follow government advice if there are any further developments in the pandemic that require it to do so.

New equity and share premium of £7,433,319 has been issued after the year end to support continued growth in the lending portfolio.

In March 2021, Greensill Capital (UK) Ltd (GCUK) went into Administration. The Group provides services to White Oak Commercial Finance Europe (Non-Levered) Limited (WOCEF), a White Oak affiliate entity exposed to the Greensill insolvency, for which it is compensated on arms-length commercial terms. WOCEF was recapitalised in 2022 and has fully settled aged outstanding servicing fees whilst WOCEF works to resolve the recoverability of its assets with GCUK.

The lending activities of LDF Finance No. 3 Limited are supported by a committed securitisation warehouse facility provided by Citibank. At year end the facility was £300m committed to August 2022 and has subsequently been increased to £325m committed to August 2022, to support ongoing growth in the portfolio.

This report was approved by the board on 26 May 2022 and signed on its behalf.

DocuSigned by:

Andy Davies

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A Davies

Director

LDI Group Holdco Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHITE OAK EUROPE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of LDI Group Holdco Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and company statement of financial position;
- the consolidated and company statement of changes in equity;
- the consolidated statement of cash flows
- the related notes 1 to 32.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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.

Other information

The other information comprises the information, other than the 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.

LDI Group Holdings Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHITE OAK EUROPE LIMITED (continued)

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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006 Act, Corporation Tax Act 2010 and Financial Conduct Authority (FCA) and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the FCA.

LDI Group Holdings Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHITE OAK EUROPE, LIMITED (continued)

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

DocuSigned by:

David Heaton

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David Heaton (Senior Statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester, United Kingdom

26 May 2022

LDF Group Holdings Limited

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2021

		2021	2020
	Note	£	£
Turnover	3	49,194,216	47,779,009
Gross profit		49,194,216	47,779,009
Administrative expenses		(28,253,893)	(30,935,809)
Other operating income	4	-	462,242
Operating profit	5	20,940,324	17,305,442
Interest payable and similar expense	9	(7,580,601)	(5,477,584)
Finance income	10	6,525	43
Profit before tax		13,366,247	11,827,901
Tax on profit of ordinary activities	11	(183,490)	332,348
Profit for the financial year		13,182,757	12,160,249

All of the profit for the financial year is attributable to the controlling interest of the Company and is derived from continuing operations. The notes on pages 19 to 38 form part of these financial statements.

LDIF Group Holdings Limited

Registered number: 06736773

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	2,317,785	2,290,756
Tangible assets	13	707,695	615,322
		3,025,480	2,906,078
Current assets			
Debtors: Amounts falling due within one year	15	182,192,673	145,986,777
Cash at bank and in hand	16	28,994,468	36,901,977
		211,187,140	182,888,754
Creditors: Amounts falling due within one year	18	(15,458,788)	(25,092,717)
Net current assets		195,728,353	157,796,037
Debtors: Amounts falling due after more than one year	15	254,489,635	81,481,296
Total assets less current liabilities		453,243,468	242,183,411
Creditors: Amounts falling due after more one year	19	358,769,519	174,376,229
Capital and reserves			
Called up share capital	27	1,376	1,376
Share premium account		56,199,220	28,124,036
Profit and loss account		38,273,354	39,681,770
Total capital employed		453,243,468	242,183,411

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 May 2022.

DocuSigned by:

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 A Davies
 Director

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

LDIP Group Holdings Limited

Registered number: 08736775

Company Statement of Financial Position

As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	14	123,906,807	95,831,623
		123,906,807	95,831,623
Current assets			
Debtors: Amounts falling due within one year	15	35,218	35,218
Cash at bank and in hand	16	9,156	2,803,064
		44,374	2,838,282
Creditors: Amounts falling due within one year	18	(6,075)	(2,800,037)
Net current assets		38,299	38,245
Debtors: Amounts falling due after one year	15	-	-
Total assets less current liabilities		123,945,106	95,869,868
Creditors: Amounts falling due after more one year	19	-	-
Capital and reserves			
Called up share capital	27	1,376	1,376
Share premium		56,199,220	28,124,036
Profit and loss account		67,744,510	67,744,456
Total capital employed		123,945,106	95,869,868

The Company made a profit of £14,591,227 in the year to 31 December 2021 (2020: £9,460,939).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 May 2022.

DocuSigned by:

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 A Davies
 Director

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

LDI Group Holdings Limited

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2021

	Called up Share Capital	Share Premium Account	Profit and Loss Account	Total Capital and Reserves
	£	£	£	£
At 1 January 2021	1,376	28,124,036	39,681,770	67,807,182
Comprehensive profit for the year				
Profit for the year	-	-	13,182,757	13,182,757
Shares issued	-	28,075,184	-	28,075,184
Dividends paid	-	-	(14,591,173)	(14,591,173)
At 31 December 2021	<u>1,376</u>	<u>56,199,220</u>	<u>38,273,354</u>	<u>94,473,950</u>

For the Year Ended 31 December 2020

	Called up Share Capital	Share Premium Account	Profit and Loss Account	Total Capital and Reserves
	£	£	£	£
At 1 January 2020	1,376	17,652,832	36,982,458	54,636,666
Comprehensive profit for the year				
Profit for the year	-	-	12,160,249	12,160,249
Shares issued	-	10,471,204	-	10,471,204
Dividends paid	-	-	(9,460,937)	(9,460,937)
At 31 December 2020	<u>1,376</u>	<u>28,124,036</u>	<u>39,681,770</u>	<u>67,807,182</u>

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

LDF Group Holdings Limited

Company Statement of Changes in Equity

For the Year Ended 31 December 2021

	Called up Share capital	Share Premium Account	Profit and Loss Account	Total Capital and Reserves
	£	£	£	£
At 1 January 2021	1,376	28,124,036	67,744,456	95,869,868
Comprehensive profit for the year				
Profit for the year	-	-	14,591,227	14,591,227
Shares issued in the year	-	28,075,184	-	28,075,184
Dividends paid	-	-	(14,591,173)	(14,591,173)
At 31 December 2021	<u>1,376</u>	<u>56,199,220</u>	<u>67,744,510</u>	<u>123,945,106</u>

For the Year Ended 31 December 2020

	Called up Share capital	Share Premium Account	Profit and Loss Account	Total Capital and Reserves
	£	£	£	£
At 1 January 2020	1,376	17,652,832	67,744,454	85,398,662
Comprehensive profit for the year				
Profit for the year	-	-	9,460,939	9,460,939
Shares issued in the year	-	10,471,204	-	10,471,204
Dividends paid	-	-	(9,460,937)	(9,460,937)
At 31 December 2020	<u>1,376</u>	<u>28,124,036</u>	<u>67,744,456</u>	<u>95,869,868</u>

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

LDR Group Plc (LDR) Limited

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit for the financial year		13,182,757	12,160,249
Adjustments for:			
Amortisation and impairment of intangible assets	5	838,440	885,304
Depreciation of tangible assets	5	231,095	347,401
Loss/(Profit) on disposal of tangible assets	4	144,885	(38,239)
Loss on disposal of intangible assets	12	115,910	-
Interest paid	9	7,580,601	5,477,584
Interest received	10	(6,525)	(43)
Taxation	11	183,490	(332,348)
(Increase) in debtors	15	(212,142,038)	(4,700,653)
(Decrease)/increase in creditors	18,19	(5,713,145)	11,071,993
Corporation tax	11	795,512	(267,619)
Net cash generated from operating activities		(194,789,018)	24,603,629
Cash flows from investing activities			
Proceeds on disposal of fixed assets		79,874	136,903
Purchase of tangible fixed assets	13	(548,224)	(173,482)
Purchase of intangible fixed assets	12	(981,379)	(651,361)
Net cash from investing activities		(1,449,729)	(687,940)
Cash flows from financing activities			
Issue of ordinary shares	27	28,075,184	10,471,204
Increase/(Decrease) in other new loans		182,421,301	(7,537,140)
Dividends paid		(14,591,173)	(9,460,937)
Interest paid on loans	10	(7,574,074)	(5,477,541)
Net cash used in financing activities		188,331,238	(12,004,414)
Cash and cash equivalents at the start of year	16	36,901,977	24,990,702
Cash and cash equivalents at the end of year	16	28,994,468	36,901,977
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand	16	28,994,468	36,901,977

LDF Group Holdco Limited

Notes to the Financial Statements

For the Year Ended 31 December 2021

1. Accounting policies

1.1 General information and Basis of preparation of financial statements

LDF Group Holdco Limited (the "Company" or the "Parent Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England. The address of the registered office is given on the Company Information page. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 4-6.

The Parent Company owns 100% of the shares of LDF Group Finance Limited. Through the Parent Company's investment in LDF Group Finance Limited, the Parent Company has indirect ownership interest in all of its trading subsidiaries (collectively the "Group"). The Parent Company consolidates the financial statements of all its subsidiary undertakings drawn up to 31 December each year.

The functional currency of the Company is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at year end rates. Any resulting exchange differences are taken to the Statement of Comprehensive Income.

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The principle accounting policies are summarised below. All accounting policies have been consistently applied throughout the year and the preceding year.

The financial statements have been prepared under the historical cost convention as modified by financial instruments recognised at fair value, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The Parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements. The Parent Company's retained profit for the year was £14,591,227 (2020: £9,460,939).

The financial year of the Company runs from 1 January to 31 December.

1.2 Going concern

The financial statements have been prepared on a going concern basis as the Directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future. In making this decision the Directors have considered a wide range of information relating to present and future conditions, including the current state of the Statement of Financial Position, future projections on profitability, cash flows and capital resources.

The Group's forecasts and projections show that it will be able to operate at adequate levels of both liquidity and capital for at least 12 months from the date of these financial statements.

Specifically in relation to Covid-19, the Directors have reviewed and considered the Group's liquidity structure and resilience in the event of an extreme stress scenario and are satisfied that the Group's Operating companies are well positioned to manage any ongoing impacts on new business volumes and potential for increased credit losses. The Group has successfully demonstrated operational capability, with all staff working remotely during the periods of lock-down during the financial year, and is well positioned to continue to support customers and the safety of staff in event of any further periods of remote working.

LDI Group Holdings Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired business plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the Consolidated Statement of Financial Position immediately below intangible assets.

1.4 Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

1.5 Revenue

Revenue is recognised for services and charges to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The Group earns its income from three principal sources:

Broking Income

The Group earns commission for its broking activities, commission income is recognised when the Group successfully arranges a financial transaction for its client.

Interest Income

The Group earns margin income from its lending activities. Income derives from financial assets that are classified as loans and receivables (including finance lease receivables) and is determined using the effective interest method. Effective interest when applied against a financial asset, is a method of calculating the amortised cost of a financial asset and allocating the interest income over the expected life of the asset. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instruments initial carrying value.

Servicer Fee Income

The Group earns fee income from providing servicing costs to other White Oak affiliate companies.

1.6 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Such an asset is identifiable when:

- a) it is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- b) it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

LDR Group Holdings Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.6 Intangible assets (continued)

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

- **Brand** - Trade names add value to a business because they enable customers to easily identify with that business and its products or services. A recognised name within its market can generate widespread and consistent demand for the firm's products and services leading to greater sales.
- **Technology** - Market leading technology and know-how can create a competitive advantage and a technological edge that will drive greater sales or efficiencies and is therefore deemed to be of commercial value.
- **Customer Contracts** - Customer relationships add value for a business as they represent a stable and recurring source of income for the business.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives, which are estimated to be the length of time for which the assets will have ongoing value to the Company:

Customer Contracts	5 years
Brand	5 years
Technology	5 years
Software Development Costs	3-5 years
Goodwill	5-10 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to be benefitted.

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

LDR Group Holdings Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles - 4 years
Fixtures and fittings - 6 years 8 months
Computer equipment - 3-5 years

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.8 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared, with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of Comprehensive Income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined.

If no impairment loss been recognised for the asset in prior years a reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loan receivables are measured initially at fair value, net of transaction costs (where appropriate), and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.11 Leasing

Assets obtained under finance leases are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

When acting as a lessor the advance is shown within debtors net of future finance charges. This is split between debt due within and over one year. The interest element of the repayments received is credited to the Statement of Comprehensive Income across the life of the lease. Where a lease is repaid early the remaining interest due on the lease is recognised at that point.

LDF Group Holdings Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.12 Financial instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The derivative instruments utilised by the Group are interest rate caps and foreign currency hedges. Such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policy. Derivative financial instruments are classified as held for trading and recorded at fair value, with any gain or loss on re-measurement being recognised in the Statement of Comprehensive Income. The Group does not enter into speculative derivative contracts. The Group does not apply hedge accounting. As allowed under FRS 102 section 11.2 the Group has elected to apply IAS 39 on the recognition and subsequent measurement of its derivative instruments.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.13 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.14 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

LDI Group (Indico Limited)

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.15 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within Creditors and deferred tax assets within Debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority or either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.16 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

LDF Group Finance Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

There are no critical judgements involved in applying the Group's accounting policies, apart from those involving estimations (which are dealt with separately below), which affect the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The accounting estimates and assumptions which affect the reported amounts of assets and liabilities within the financial statements are set out below:

Impairment of receivables

The main area in the financial statements where an estimation is made is in the impairment of its own book agreements. Receivables are written off when there is judged to be no realistic prospect of recovery. Specific provisions are made to reduce all impaired balances to their estimated realisable values. A provision is also made to reflect impaired balances within the general population of receivables where no specific indicators of impairment have yet been demonstrated. This provision is calculated using historical arrears experience, credit risk characteristics and expected cashflows. The Company has considered the potential impact of Covid 19 and included a specific Covid 19 uplift within the provision.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset, or a group of financial assets, is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset, or group of assets, is impaired includes observable data that comes to the attention of the Group about the following loss events:

- delinquency in contractual payments of principal or interest;
- cash flow difficulties;
- breach of loan covenants or conditions; and
- initiation of bankruptcy proceedings.

The provisioning rates applied when a loan hits a loss event trigger are informed by historical experience and are deemed a key source of estimation uncertainty.

Impairment of intangible assets

The Group's policy regarding intangible assets is stated in accounting policy note 1.6. At each reporting date intangible assets are reviewed for impairment. As part of this review estimates must be made of the ongoing value of the asset and the remaining length of this value. Where it is estimated that either the value of the asset has reduced or that its value will remain for a shorter period of time than originally anticipated, then the value of the asset is impaired appropriately.

Impairment of investments

The fair value of investments in LDF Group Finance Limited is determined by assessing the enterprise value of LDF Group Finance Limited and its subsidiaries. Assets, other than those measured at fair value, are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income. An impairment test requires the application of judgement because it relies on key assumptions, including forecast cash flows, a discount rate and a terminal growth rate. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

LDF Group Holdings Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

3. Turnover

An analysis of turnover by class of business is as follows:

	2021	2020
	£	£
Funding Activities - interest receivable	43,062,140	34,866,088
Broking Activities - commissions receivable	5,040,170	12,000,407
Servicer fee income	1,091,906	912,514
	49,194,216	47,779,009

All turnover arose within the United Kingdom.

4. Other operating income

	2021	2020
	£	£
Other income	-	424,003
Profit on sale of fixed assets	-	38,239
	-	462,242

Other income to 31 December 2020 includes income from the Coronavirus Job Retention Scheme. 56 employees were placed on furlough at some point during 2020. There were no employees on furlough during 2021.

There are no unfulfilled conditions or other contingencies attaching to the grants recognised in income, and the Company has not directly benefited from any other forms of government assistance in this or the prior period.

5. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Depreciation of tangible fixed assets	231,095	347,401
Impairment of intangible assets	53,730	148,710
Amortisation of intangible assets, including goodwill	784,710	885,303
Loss on disposal of fixed assets	144,885	-

6. Auditor's remuneration

	2021	2020
	£	£
Fees payable to the Group's auditor in respect of:		
Auditing of the financial statements of the parent company and consolidation	8,659	18,300
Auditing of the financial statements of the subsidiary companies	138,178	115,660
Taxation compliance services	42,500	38,000
Other services	20,550	23,810
	209,887	195,770

Fees for audit, taxation and VAT services are paid by LDF Operations Ltd on behalf of all Group companies.

Lidi Group Holdings Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

7. Employees

The Company has no employees. Staff costs of the Group were as follows:

	2021	2020
	£	£
Wages and salaries	10,388,679	12,544,677
Social security costs	935,600	1,038,074
Cost of defined contribution scheme	470,771	500,926
	<u>11,795,050</u>	<u>14,083,677</u>

The monthly average number of employees during the year was as follows:

	2021	2020
	No.	No.
Front Office	93	101
Back Office	44	95
	<u>137</u>	<u>196</u>

8. Directors' and key management personnel remuneration

Key management personnel are considered to be the Directors of the Group operating subsidiary companies. Remuneration of key management personnel is as follows:

	2021	2020
	£	£
Salaries	750,078	1,120,089
Employers National Insurance	103,415	155,251
Defined contribution pension scheme	40,802	55,715
	<u>894,295</u>	<u>1,331,055</u>

9. Interest payable and similar expense

	2021	2020
	£	£
Other loan interest payable	7,580,601	5,477,584
	<u>7,580,601</u>	<u>5,477,584</u>

10. Finance income

	2021	2020
	£	£
Bank interest receivable	6,525	43
	<u>6,525</u>	<u>43</u>

LDP Group (Holdco) Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

11. Taxation

	2021	2020
	£	£
Corporation tax		
UK corporation tax on profits for the year	406,971	684
Adjustments in respect of previous periods	-	(299,115)
Total current tax	406,971	(298,431)
Deferred tax		
Origination and reversal of timing differences	(641,147)	(285,935)
Adjustments in respect of prior periods	539,714	257,609
Effect of changes in tax rates	(122,048)	(5,591)
Total deferred tax	(223,481)	(33,917)
Taxation on profit on ordinary activities	183,490	(332,348)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£	£
Profit on ordinary activities before tax	13,366,247	11,827,901
Loss on ordinary activities at standard rate of corporation tax in the UK of 19% (2020: 19%)	2,539,587	2,247,301
Effects of:		
Adjustments from previous periods	539,714	(41,352)
Expenses not deductible for tax purposes	(158,134)	189,698
Tax rate changes	(122,048)	(5,591)
Movement in unrecognised deferred tax	-	-
Effects of group relief/ other reliefs	(2,615,629)	(2,722,404)
Other differences leading to an increase in the tax	-	-
Total tax charge for the year	183,490	(332,348)

The adjustment from previous periods arises due to the interaction of the capital allowance calculations on finance leased assets and the final group relief claims and surrenders.

Factors that may affect future tax charges

It was announced in the March 2021 budget that the UK Corporation Tax rate will rise to 25% in from 1 April 2023. Deferred tax is calculated using the rate expected to apply when the relevant timing differences are forecast to unwind.

LDF Group Finance Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

12. Intangible assets

	Brand, Technology, Customer contracts	Software development	Goodwill	Total
	£	£	£	£
Cost				
At 1 January 2021	1,971,031	4,083,269	34,138,617	40,192,917
Additions	-	981,379	-	981,379
Disposals	-	(129,100)	-	(129,100)
Impairment	-	(58,070)	-	(58,070)
At 31 December 2021	<u>1,971,031</u>	<u>4,877,478</u>	<u>34,138,617</u>	<u>40,987,126</u>
Amortisation				
At 1 January 2021	1,947,177	1,897,643	34,057,341	37,902,161
Charge for the year	23,854	679,580	81,276	784,710
Disposals	-	(13,190)	-	(13,190)
Impairment	-	(4,340)	-	(4,340)
At 31 December 2021	<u>1,971,031</u>	<u>2,559,693</u>	<u>34,138,617</u>	<u>38,669,341</u>
Net book value				
At 31 December 2021	<u>-</u>	<u>2,317,785</u>	<u>-</u>	<u>2,317,785</u>
At 31 December 2020	<u>23,854</u>	<u>2,185,626</u>	<u>81,276</u>	<u>2,290,756</u>

Software development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss. These costs have been capitalised as the Group will derive an ongoing benefit from the software developed and used within the business.

The amortisation of intangible assets is included in Administrative expenses in the Consolidated Statement of Comprehensive Income.

Goodwill on the acquisition of LDF Group Finance Ltd is being amortised over 10 years and is fully amortised at the reporting date.

13. Tangible assets

	Motor vehicles	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2021	182,208	728,295	1,548,677	2,459,180
Additions	-	413,680	134,544	548,224
Disposals	(134,108)	(312,750)	(81,860)	(528,718)
At 31 December 2021	<u>48,100</u>	<u>829,225</u>	<u>1,601,361</u>	<u>2,478,686</u>
Depreciation				
At 1 January 2021	97,594	378,634	1,367,629	1,843,857
Charge for the year	25,913	84,630	120,553	231,096
Disposals	(92,594)	(144,229)	(67,139)	(303,962)
At 31 December 2021	<u>30,913</u>	<u>319,035</u>	<u>1,421,043</u>	<u>1,770,991</u>
Net book value				
At 31 December 2021	<u>17,187</u>	<u>510,190</u>	<u>180,318</u>	<u>707,695</u>
At 31 December 2020	<u>84,614</u>	<u>349,661</u>	<u>181,048</u>	<u>615,323</u>

LDF Group Holdco Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

14. Fixed asset investments

Name	Country of Incorporation	Class of share	Holding	Principal activity	Company number
LDF Operations Limited	United Kingdom	Ordinary	100%	Service company	02029122
LDF Finance No.1 Limited	United Kingdom	Ordinary	100%	Funder to commercial counterparties	04893877
LDF Finance No.2 Limited	United Kingdom	Ordinary	100%	Funder to commercial counterparties	08822802
LDF Group Finance Limited*	United Kingdom	Ordinary	100%	Intermediary company	08737162
LDF OPS Limited	United Kingdom	Ordinary	100%	Finance broker	SC198910
LDF Finance No.3 Limited	United Kingdom	Ordinary	100%	Funder to commercial counterparties	08822799
White Oak UK No.4 Limited	United Kingdom	Ordinary	100%	Funder to commercial counterparties	08822803
White Oak UK No.5 Limited	United Kingdom	Ordinary	100%	Funder to commercial counterparties	08822812
White Oak UK No.5 (Blue) Limited	United Kingdom	Ordinary	100%	Securitisation company (Special Purpose Vehicle)	13263332
White Oak No.6 Limited	United Kingdom	Ordinary	100%	Funder to commercial counterparties	13290350
LDF Finance No.3 DD Limited	United Kingdom	Ordinary	0%	Securitisation company (Special Purpose Vehicle)	10290498
Growcap Finance Limited	Republic of Ireland	Ordinary & Preference	100%	Non-Trading	569237
Growcap Finance Limited	United Kingdom	Ordinary	100%	In Liquidation	10481913
Growcap Wholesale Limited	Republic of Ireland	Ordinary	100%	Non-Trading	572785

All companies were incorporated in the United Kingdom, except for Growcap Finance Limited and Growcap Wholesale Limited, which were incorporated in the Republic of Ireland. There is a 100% holding in each company. The registered office for each company (except as noted below) is: Second Floor, HQ Offices, 58 Nicholas Street, Chester, CH1 2NP.

The registered office of LDF OPS Limited is 6th Floor, 58 Waterloo Street, Glasgow, G2 7DA. The registered office of Growcap Finance Limited and Growcap Wholesale Limited is 9D Beckett Way, Park West Business Park, Dublin, D12 DE79.

White Oak UK No.4 was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies. No members have required White Oak UK No.4 to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The following subsidiaries are entitled to exemption under section 479a of the Companies Act 2006 and no members have required them to obtain an audit of their accounts: LDF Group Finance Limited, LDF Finance No.1 Limited, LDF Finance No.3 Limited, White Oak No.4 Limited, White Oak No.5 Limited, White Oak No.6 Limited, LDF OPS Limited and LDF Operations Limited.

LDF Finance No.3 DD Limited and White Oak UK No.5 (Blue) Limited are not owned by the Group but are deemed to be subject to its control, as the Group bears the risks and rewards of its operations, and results are therefore included in the consolidated financial statements.

* LDF Group Finance Limited is held directly by LDF Group Holdco Limited, whilst the investment in other companies is held in LDF Group Finance Limited.

LDF Group Finance Limited holds one share in White Oak Credit Services LLC, a company based in the US. This share does not amount to a group undertaking, nor does it give any controlling interest in the entity.

LDT Group Holdings Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

14. Fixed asset investments (continued)

Company Cost or valuation	Investments in subsidiary company £
At 1 January 2021	95,831,623
Additions	28,075,184
At 31 December 2021	<u>123,906,807</u>
Net book value	
At 31 December 2021	<u>123,906,807</u>
At 31 December 2020	<u>95,831,623</u>

15. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due after more than one year				
Loan and lease receivables	253,634,708	81,141,176	-	-
Deferred taxation	854,927	340,120	-	-
	<u>254,489,635</u>	<u>81,481,296</u>	<u>-</u>	<u>-</u>
Due within one year				
Loan and lease receivables	161,147,672	113,039,752	-	-
Trade debtors	1,200,700	6,713,726	-	-
Other debtors	16,547,817	21,057,540	35,218	35,218
Corporation tax	2,424,534	3,007,521	-	-
Prepayments and accrued income	871,950	2,168,238	-	-
	<u>182,192,673</u>	<u>145,986,777</u>	<u>35,218</u>	<u>35,218</u>

During the year the Group provided services on commercial terms in the ordinary course of business for White Oak UK (CBILS) Ltd and White Oak Commercial Finance Europe (Non-Levered) Ltd, who are related parties, at a cost of £1,045,860 (2020: £8,297,330). Amounts owed by related parties at the reporting date were £648,499 (2020: £6,382,994). These amounts all relate to trading balances.

16. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	28,994,468	36,901,977	9,156	2,803,064
	<u>28,994,468</u>	<u>36,901,977</u>	<u>9,156</u>	<u>2,803,064</u>

The Group's cash balances include £19,166,911 (2020: £25,319,501) of balances belonging to the Group's securitisation which are not available for general use by the Group.

LDF Group Holdings Limited

Notes to the Financial Statements (continued)

For the Year ended 31 December 2021

17. Analysis of changes in net debt

	At 1 January 2021	Cash Flows	At 31 December 2021
	£	£	£
Cash and cash equivalents			
Cash at bank and in hand	36,901,977	(7,907,509)	28,994,468
	<u>36,901,977</u>	<u>(7,907,509)</u>	<u>28,994,468</u>
Other loans			
Amounts falling due within one year	(5,997,814)	2,489,616	(3,508,198)
Amounts falling due after more than one year	(174,376,229)	(184,101,963)	(358,478,192)
	<u>(180,374,043)</u>	<u>(181,612,347)</u>	<u>(361,986,390)</u>
Total	<u><u>(143,472,066)</u></u>	<u><u>(189,519,856)</u></u>	<u><u>(332,991,922)</u></u>

18. Creditors: Amounts falling due within one year

	Group 2021	Group 2020	Company 2021	Company 2020
	£	£	£	£
Other loans	3,508,198	5,997,814	-	-
Trade creditors	604,912	644,207	-	-
Corporation tax	1,783,046	1,410,803	-	-
Taxation and social security	116,166	88,733	-	-
Other creditors	4,067,630	3,696,778	-	-
Amounts owed to group undertakings	-	-	6,075	2,800,037
Accruals and deferred income	5,378,836	13,254,382	-	-
	<u>15,458,788</u>	<u>25,092,717</u>	<u>6,075</u>	<u>2,800,037</u>

On the 25 September 2018 a fixed and floating charge was created in favour of Aldermore Bank PLC over all property and undertakings of LDF Finance No.1 Limited. On the 26th November 2015 a fixed and floating charge was created in favour of Aldermore Bank PLC over all property and undertakings of LDF Finance No.2 Limited. On 11 February 2020 a fixed charge was created in favour of HSBC UK Bank PLC over cash deposits of LDF Finance No.3 Limited.

19. Creditors: Amounts falling due after more than one year

	Group 2021	Group 2020	Company 2021	Company 2020
	£	£	£	£
Other loans	358,478,192	174,376,229	-	-
Deferred taxation	291,327	-	-	-
	<u>358,769,519</u>	<u>174,376,229</u>	<u>-</u>	<u>-</u>

LDF Group Holdings Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

20. Loans

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts falling due within one year				
Other loans	3,609,162	6,440,163	-	-
	<u>3,609,162</u>	<u>6,440,163</u>	<u>-</u>	<u>-</u>
Amounts falling due 1-2 years				
Other loans	555,042	1,903,238	-	-
	<u>555,042</u>	<u>1,903,238</u>	<u>-</u>	<u>-</u>
Amounts falling due 2-5 years				
Other loans	408,828,717	179,424,789	-	-
	<u>408,828,717</u>	<u>179,424,789</u>	<u>-</u>	<u>-</u>

Loan amounts of the Group as shown above include estimated future interest on the loans taken by the Group.

The Group is subject to a number of performance triggers and facility covenants under its borrowing facilities. These are monitored and reviewed closely by the Board on a monthly basis and during 2021 the Group were compliant with these metrics throughout the year and to the date of these financial statements.

21. Loans and receivables - Group

	2021 £	2020 £
Finance lease	90,053,035	68,730,103
Loan receivables	331,867,171	135,040,014
Less: allowance for impairment	(7,137,824)	(9,589,188)
	<u>414,782,382</u>	<u>194,180,929</u>

22. Allowance for impairment

	2021 £	2020 £
At 1 January	9,589,188	11,085,492
Charge for the year	3,999,319	6,825,539
Reversal of impairment losses	(4,129,676)	(3,024,386)
Utilisation of impairment allowance	(2,321,007)	(5,297,458)
At 31 December	<u>7,137,824</u>	<u>9,589,188</u>

LDI Group Holdings Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

23. Finance leases - Group

	Gross Investment £	Unearned interest £	Capital £
2021			
Not later than 1 year	2,069,211	547,043	1,522,168
Later than 1 year and not later than 5 years	4,325,685	491,246	3,834,439
	6,394,896	1,038,288	5,356,608
	Gross Investment £	Unearned interest £	Capital £
2020			
Not later than 1 year	12,056,625	2,251,854	9,804,771
Later than 1 year and not later than 5 years	19,893,610	4,456,866	15,436,744
	31,950,235	6,708,720	25,241,515

Finance leases are comprised of minimum term and fixed term lease arrangement all of which are fixed repayment. These figures do not include hire purchase agreements which are included in the overall balance of Finance leases in note 21. The accumulated allowance for uncollectible lease payments is £1,864,439 (2020: £2,463,374).

24. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	579,354	419,221
Later than 1 year and not later than 5 years	1,087,063	201,932
	1,666,417	621,153

During the year ended 31 December 2021 £390,585 (2020: £491,987) of operating lease expense was recognised.

25. Financial instruments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial assets				
Financial assets that are basic debt instruments, including trade debtors and finance lease receivables that are measured at amortised cost or net investment, less any impairment provision	415,983,083	200,894,655	-	-
Other financial assets including other debtors, amounts owed by group undertakings and cash and cash equivalents, that are measured at amortised cost	72,813,632	55,036,943	44,374	2,838,282
	488,796,715	255,931,598	44,374	2,838,282

LDF Group Holdings Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

25. Financial instruments (continued)

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial liabilities				
Financial liabilities that are external and internal financial debt liabilities including overdrafts, loans and borrowings, measured on an amortised cost basis	463,122,841	183,684,143	-	2,800,037
Other financial liabilities, including trade and other payables that are measured on an amortised cost basis	(59,125,058)	2,816,515	6,076	-
	<u>403,997,783</u>	<u>186,500,658</u>	<u>6,076</u>	<u>2,800,037</u>

Financial assets

The objective of credit risk management is to enable the Group to achieve the appropriate risk versus reward performance whilst maintaining credit risk exposure in line with the approved appetite for the risk that customers will be unable to meet their obligations to the Group. The following table provides an analysis of the credit quality of third party financial assets based on the performing/impaired status of the asset.

	2021 £	2020 £
Neither past due nor impaired	414,930,360	200,785,227
Past due and not impaired	564,867	522,904
Past due and impaired	7,625,681	9,175,712
Impairment provision	(7,137,824)	(9,589,188)
	<u>415,983,084</u>	<u>200,894,655</u>

Aging of past due but not impaired debtors:

	2021 £	2020 £
30-60 days	356,262	271,457
60-90 days	202,200	127,270
90-120 days	6,392	13,511
More than 120 days	13	110,665
	<u>564,867</u>	<u>522,903</u>

When considering whether a financial asset is impaired the Group consider any change to the credit quality of the debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

26. Deferred Taxation

Group	2021 £	2020 £
At 1 January	340,120	374,037
Adjustment in respect of prior years	(539,714)	257,609
Charged to the Statement of Comprehensive Income for the period	763,195	(291,526)
At 31 December	<u>563,601</u>	<u>340,120</u>

LDF Group Holdco Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

26. Deferred Taxation (continued)

	2021	2020
	£	£
Fixed asset timing differences	508,532	314,022
Non trading timing differences	55,069	26,098
	<u>563,601</u>	<u>340,120</u>

At 31 December 2021 the Group had deferred tax amounts not recognised relating to losses of £Nil (2020: £Nil).

27. Share capital

	2021	2020
	£	£
Shares classed as equity		
Alloted, called up and fully paid		
1 Special equity share, shares of £0.01 each	-	-
83,875 Class "A" shares, shares of £0.01 each	839	839
22,500 Class "B" shares, shares of £0.01 each	225	225
1,184 Class "B2" shares, shares of £0.01 each	12	12
2,022 Class "C" shares, shares of £0.01 each	20	20
27,955 Class "D" shares, shares of £0.01 each	280	280
	<u>1,376</u>	<u>1,376</u>

During 2021 5 Class A £0.01 shares were issued for consideration of £28,075,184 and on 13 January 2022 a further 1 Class A £0.01 share was issued for consideration of £7,433,319. The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

28. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund. Contributions to the scheme by the Group amounted to £470,771 (2020: £356,641).

29. Related party transactions

The Company has taken advantage of the exemption conferred by FRS 102 section 33 "related party disclosures" not to disclose transactions with members of the Group on the grounds that 100% of the voting rights in the Company are controlled within that Group and the Company is included in the consolidated financial statements. This is the set of financial statements in which FRS 102 has been applied.

There have been no transactions with Directors during the year.

30. Controlling party

100% of the share capital of LDF Group Holdco Limited is owned by White Oak Europe Acquisition Limited. White Oak Europe Acquisition Limited is owned by White Oak Europe, Limited, which is the ultimate controlling party as it holds the majority shareholding in White Oak Europe Acquisition Limited. Group accounts are prepared by the Company and by White Oak Europe, Limited. All companies were incorporated and are domiciled in England and Wales. Copies of the consolidated financial statements of the Company and White Oak Europe, Limited can be obtained from their registered office at Second Floor, HQ Offices, 58 Nicholas Street, Chester, CH1 2NP.

LDF Group Holdings Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

31. Risk management

Credit risk

Credit risk is one of the main risks the Group faces as it is principally linked to the performance of the loans and finance leases on its own book. All applications for funding are considered by the Group's Credit Team and must adhere to the Group's credit policy and credit appetite. The performance of the portfolio is regularly discussed and reviewed by the Directors and mitigating action is taken where necessary.

The maximum exposure to credit risk for the Group is as follows:

	2021	2020
	£	£
Cash at bank	28,994,468	36,901,977
Loan and lease receivables	414,782,380	194,180,928
Trade and other debtors	17,748,517	27,771,266
	<u>461,525,365</u>	<u>258,854,171</u>

The above table represents the maximum credit risk exposure, net of impairment, to the Group at 31 December 2021 without taking into account any collateral held or other credit enhancement. No assets have been found to be individually impaired as a result of this risk.

The Group segments its credit quality into risk score bands at the point of origination, with each segment yielding a predicted probability of default which is within the Group's credit appetite. This informs product pricing which is determined to ensure that each portfolio segment is profitable on average and over time. As a result the Group considers all assets shown in the above table to be low risk.

Liquidity risk

The Group mitigates this risk by financing itself to the level required to meet its liquidity needs. Cash flows for the business are monitored by the Directors on a frequent basis. The maturity analysis of creditors and lending facilities are presented in note 18, 19 and 20.

Reputational risk

The Group mitigates this risk by putting TCF (Treating Customers Fairly) at the heart of the business and providing exceptional customer service to its client base. This is evidenced by the amount of repeat business it provides for its clients. The Group regularly benchmarks its performance through customer feedback, complaints and internal reviews. All complaints are handled in a fair and transparent manner and are reported to the Board on a monthly basis.

Operational risk

The Group mitigates this risk by undertaking regular risks reviews of the operational procedures. There is a commitment by the business to report and review any operational failings and these are reported to the Board on a monthly basis.

Regulatory risk

The Group is subject to regulatory control and supervision by the Financial Conduct Authority (FCA). The Group has successfully gained all the permissions required by the FCA to perform its trade. The Group continually assesses the changing regulatory requirements and its adherence to them through regular reviews and updates to the Board.

Interest rate risk

Interest rate risk is the loss arising from the adverse movements in market interest rates. The Group minimises its exposure to interest rate risk by ensuring the interest rate characteristics of its assets and liabilities are similar. Where this is not possible the Company may use derivative financial instruments to mitigate any residual interest rate risk to within risk appetite.

At the year end the Group was party to an interest rate cap to hedge interest rate risk on a cap strike rate of 2.75%. The interest rate cap has been entered into as part of the securitisation transaction to hedge a portion of the interest rate risk arising in the transaction including obligations under the Notes. The derivative counterparties are selected as regulated financial institutions and this reduces the risk of default and loss for the Group. Additional credit protection is afforded by the requirement for the derivative counterparties to post collateral in the event of a downgrade to a counterparty's credit rating.

LDF Group Holdings Limited

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2021

31. Risk management (continued)

Financing risk

Key to the Group's success is the availability of funding for its own book. To ensure this availability the Group has 4 senior funding lines, two of which are committed facilities. These facilities give the Group the flexibility and scale required to write business on its own book.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the Group's value to its shareholder. The Group's overall strategy remains unchanged from 2020.

Currency risk

The Company manages its foreign exchange risk against its functional currency. Foreign exchange risk arises when the Company's currency income and the cost of services provided to the Company from external suppliers are denominated in a currency that is not the Company's functional currency. Currency risk to the Group is deemed to be minimal.

32. Post Balance Sheet Events

Since year end, the Group has continued to operate effectively in business as usual lending. Following the success of the UK's vaccination programme, staff have returned to normal working practises. The Group remains focussed on the safety and wellbeing of staff as well as providing support to UK SME customers and will continue to follow government advice if there are any further developments in the pandemic that require it to do so.

New equity and share premium of £7,433,319 has been issued after the year end to support continued growth in the lending portfolio.

In March 2021, Greensill Capital (UK) Ltd (GCUK) went into Administration. The Group provides services to White Oak Commercial Finance Europe (Non-Levered) Limited (WOCE), a White Oak affiliate entity exposed to the Greensill insolvency, for which it is compensated on arms-length commercial terms. WOCE was recapitalised in 2022 and has fully settled aged outstanding servicing fees whilst WOCE works to resolve the recoverability of its assets with GCUK.

The lending activities of LDF Finance No. 3 Limited are supported by a committed securitisation warehouse facility provided by Citibank. At year end the facility was £300m committed to August 2022 and has subsequently been increased to £325m committed to August 2022, to support ongoing growth in the portfolio.