

Registered number: 08828186 (England & Wales)



LENDABLE LTD

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



LENDABLE LTD

COMPANY INFORMATION

Directors	K M Kissinger M J Rosel J G Baum C L Moore
Registered number	08828186
Registered office	Telephone House 69 - 77 Paul Street London EC2A 4NW
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

LENDABLE LTD

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

The directors present the Strategic Report for the year ended 31 December 2022.

Principal activities

Lendable Ltd ("Lendable" or "the Company") provides an online marketplace to facilitate investments by institutional and qualified investors into regulated consumer credit agreements, and to hold legal title on behalf of the investors.

Business review

The results of the Company for the year show an increase in revenue of 9.7% to £69.6m (2021 - £63.4m), and a profit after tax of £13.2m (2021 - £12.4m). The Company's balance sheet remains stable, reporting shareholders' equity of £4.0m (2021 - £4.0m) by virtue of the profits being distributed as dividends to the parent company, Lendable Operations Ltd.

Customer satisfaction and awards

Lendable has won a number of awards that reflect the growth of the wider group and excellence in customer service. Lendable is proud to hold a 5-star rating from 95% of customers on Trustpilot, across thousands of reviews. The Company was ranked number 208 in the Financial Times 'FT1000' list of the fastest growing European companies of 2022.

Business environment during 2022

Inflationary pressures from the macro-economic environment in 2022 caused the Bank of England to increase the base rate of interest as a countermeasure. In turn, this has had a direct impact on the rates offered to our customers and investor return expectations. High inflation led to cost of living pressures on UK individuals, however an extremely strong employment market ensured that performance of UK consumer credit has remained resilient.

Principal risks and uncertainties

Risk management is overseen by the Company's Risk Committee. The Risk Committee is a committee of the Lendable Ltd Board which meets at least once a quarter and is chaired by the Chief Risk Officer. The Risk Committee is responsible for the monitoring and controls of compliance with legal and regulatory requirements. These requirements include those of the Financial Conduct Authority (FCA) (which include financial crime, conduct risk and treating customers fairly) and the Information Commissioner's Office (ICO) (Data Protection Act 2018 requirements).

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



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K M Kissinger
Director

Date: 27 September 2023

LENDABLE LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activity

The principal activity of the Company in the year under review was that of providing an online marketplace to facilitate investments by institutional and qualified investors into regulated consumer credit agreements, and to hold legal title on behalf of the investors.

Results and dividends

The profit for the year, after taxation, amounted to £13,205,169 (2021 - £12,386,825).

Ordinary dividends of £13,205,169 (2021 - £12,386,822) were paid to the parent company, Lendable Operations Ltd, during the year.

Directors

The directors who served during the year were:

K M Kissinger
M J Rosel

The following directors were appointed after the year end but before the approval of this report:

J G Baum (appointed 10 January 2023)
C L Moore (appointed 21 September 2023)

Financial instruments

The financial instruments held by the Company consisted of cash deposits held with British banks and British financial institutions. No financial instruments are issued by the Company, other than notes issued to investors to record their loan purchases.

Future developments

The Company plans to continue contributing to the wider group's development strategy and providing further growth opportunities.

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to auditors

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

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

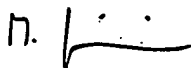
Post balance sheet events

There were no adjusting or non-adjusting events occurring between the end of the reporting period and the date these financial statements were approved.

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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


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K M Kissinger
Director

Date: 27 September 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LENDABLE LTD

Opinion

We have audited the financial statements of Lendable Ltd (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LENDABLE LTD (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LENDABLE LTD (CONTINUED)

Auditors' 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 Auditors' 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.

Extent to which the audit was 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the applicable accounting framework and UK tax legislation.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LENDABLE LTD (CONTINUED)

- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias.


We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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:

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Matthew Hopkins (Senior Statutory Auditor)
for and on behalf of
BDO LLP, Statutory Auditor

London, UK

27 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Revenue	4	69,560,158	63,393,075
Operating expenses		(56,354,989)	(50,886,198)
Operating profit		13,205,169	12,506,877
Interest receivable and similar income		-	-
Profit before tax		13,205,169	12,506,877
Tax on profit	7	-	(120,052)
Profit for the financial year		13,205,169	12,386,825

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 11 to 19 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Current assets			
Debtors: amounts falling due within one year	8	2,569,387	2,500,574
Cash and cash equivalents		8,956,173	7,022,780
		<u>11,525,560</u>	<u>9,523,354</u>
Creditors: amounts falling due within one year	9	(7,515,560)	(5,513,354)
Net current assets		4,010,000	4,010,000
Total assets less current liabilities		4,010,000	4,010,000
Net assets		4,010,000	4,010,000
Capital and reserves			
Called up share capital	11	4	4
Share premium account		3,999,996	3,999,996
Retained earnings		10,000	10,000
		<u>4,010,000</u>	<u>4,010,000</u>

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



K M Kissinger
Director

Date: 27 September 2023

The notes on pages 11 to 19 form part of these financial statements.

LENDABLE LTD

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

	Called up share capital	Share premium account	Retained earnings	Total equity
	£	£	£	£
At 1 January 2021	3	-	9,997	10,000
Profit for the year	-	-	12,386,825	12,386,825
Dividends	-	-	(12,386,822)	(12,386,822)
Shares issued during the year	1	3,999,996	-	3,999,997
At 1 January 2022	4	3,999,996	10,000	4,010,000
Profit for the year	-	-	13,205,169	13,205,169
Dividends	-	-	(13,205,169)	(13,205,169)
At 31 December 2022	4	3,999,996	10,000	4,010,000

The notes on pages 11 to 19 form part of these financial statements.

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

1. General information

Lendable Ltd is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The financial statements are presented in Sterling which is the functional currency of the Company and rounded to the nearest £.

Given the parent Company's strong balance sheet and having reviewed forecast income statement performance models, management have a more than reasonable expectation that the Company has adequate resources to continue for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Consolidated financial statements

The Company is a wholly owned subsidiary of Lendable Operations Ltd, its ultimate parent. It is included in the consolidated financial statements of Lendable Operations Ltd which are publicly available. The address of the parent's registered office is Telephone House, 69 - 77 Paul Street, London, England, EC2A 4NW.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows; and
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Lendable Operations Ltd as at 31 December 2022 and these financial statements may be obtained from <https://beta.companieshouse.gov.uk/company/09011579>.

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

2. Accounting policies (continued)

2.3 Revenue

The Company's revenue arises from the principal activity comprising the fees charged to lenders and borrowers for the use of the online lending and borrowing exchange. The policies adopted for the recognition of revenue are as follows:

Origination fees

Revenue from origination fees represents an origination fee charged to borrowers and is fully recognised when the borrower is accepted for the loan, on the origination date.

Servicing and repayment fees

Income from loan notes issued represents the share of principal and interest received and retained by Lendable Ltd under the terms of the loan note subscriptions and loan purchase and servicing deeds in issue with investors. Servicing fees are a fixed percentage of the total qualifying loans outstanding on any given day charged to investors. Repayment fees are a fixed percentage of principal and interest payments made by borrowers and they are recognised when payments are made by the borrowers.

Forward flow premium

Revenue from premiums relates to the commission paid by the purchaser in respect of qualifying loans and is recognised on the origination date.

2.4 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.5 Debtors

Debtors are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of future receipts discounted at the prevailing market rate of interest.

2.6 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash held at banks. Cash held in trust or on behalf of investors is not shown on the balance sheet; due to this cash being held in trust, Lendable Ltd does not have the associated risks and rewards for the cash and there would otherwise be a corresponding liability.

2.7 Creditors

Creditors are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of future payments discounted at the prevailing market rate of interest. Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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

2. Accounting policies (continued)

2.8 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial assets and liabilities

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs. The assets are subsequently measured at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest. Financial assets classified as receivables due within one year are not amortised.

Basic financial liabilities, which include creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future payments discounted at a market rate of interest. Financial liabilities classified as payables due within one year are not amortised.

2.9 Dividends

Equity dividends are recognised when they become legally payable.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 a contractual 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. There were no key judgements nor sources of uncertainty that have a significant effect on the amounts recognised in the financial statements.

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

4. Revenue

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

	2022	2021
	£	£
Fees	66,025,846	62,534,383
Other income	3,534,312	858,692
	<u>69,560,158</u>	<u>63,393,075</u>

All revenue arose within the United Kingdom.

5. Auditors' remuneration

	2022	2021
	£	£
Fees payable	<u>64,000</u>	<u>50,000</u>

The fees payable are the fees to the Company's auditors for the audit of the Company financial statements (excluding VAT). There were no non-audit services carried out by the appointed auditor. These fees were paid for by the parent company, Lendable Operations Ltd.

6. Employees

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

	2022	2021
	No.	No.
Directors	<u>2</u>	<u>2</u>

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

7. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	-	120,052
Total current tax	-	120,052
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	120,052
Factors affecting tax charge for the year		

The tax assessed for the year is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	13,205,169	12,506,877
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	2,508,982	2,376,307
Effects of:		
Utilisation of tax losses	(2,508,982)	(2,256,255)
Total tax charge for the year	-	120,052

8. Debtors

	2022 £	2021 £
Other debtors	2,569,387	2,500,574
	2,569,387	2,500,574

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

9. Creditors: Amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	4,662,340	3,724,043
Corporation tax	120,052	120,052
Other creditors	2,294,647	1,294,588
Accruals and deferred income	438,521	374,671
	<u>7,515,560</u>	<u>5,513,354</u>

10. Financial instruments

The parent company, Lendable Operations Ltd, through the directors, has overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and ensure any limits are adhered to. The Company's activities are reviewed regularly and potential risks are considered.

The Company's risk management program seeks to minimise potential adverse effects on the Company's financial performance.

Risk factors

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents held at banks. There is no credit risk to the Company from loans issued on the platform.

The Company has implemented certain operational processes and policies to address the Company's credit related risks around counterparty risk and transactional bad debt. The credit quality of the financial assets has been assessed and no further impairment is required.

Counterparty risk in relation to cash and cash equivalents held is managed by selecting and working only with appropriate financial institutions. The financial stability of the partners will be assessed prior to and at regular intervals during the relationship.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**
10. Financial instruments (continued)
Credit risk (continued)

Transactional bad debt, or loss, risk is managed by regular monitoring. Revenue largely arises from fees charged and they carry no bad debt risk. The risk relates to small amounts that may be payable in exceptional circumstances. The Company's maximum exposure to credit risk by class of financial asset is as follows:

	2022 £	2021 £
Trade and other receivables		
Other debtors	2,569,387	2,500,574
Cash and cash equivalents	8,956,173	7,022,780

Cash and cash equivalents are held with deposit taking or related financial institutions and subject to the relevant requirements of the financial regulators in the jurisdictions in which the cash is held. The above table excludes values where not classed as a financial asset.

	2022 £	2021 £
Cash held on behalf of investors in restricted pre-funding and distribution accounts	36,293,386	41,910,461
	<u>36,293,386</u>	<u>41,910,461</u>

The above table represents cash held by Lendable Ltd in UK banks and UK financial institutions, which are either Prudential Regulation Authority ("PRA") or Financial Conduct Authority ("FCA") authorised, however these balances are held in trust on behalf of investors, along with the loan notes. Lendable Ltd does not have the risks and rewards and therefore both the cash held and the loan notes outstanding have not been recognised as an asset with a corresponding liability. Restricted pre-funding and investor funds fall due in line with the underlying terms and conditions of the loan note subscription or loan purchase and servicing deed signed.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always be in a position where it has sufficient liquid assets to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**
10. Financial instruments (continued)**Liquidity risk (continued)**

It is in the Company's operations to monitor the liquidity position on an ongoing basis. The amounts disclosed below are the contractual undiscounted cash flows:

	2022 £	2021 £
Financial assets		
Other debtors	2,569,387	2,500,574
Cash and cash equivalents	8,956,173	7,022,780
	<u>11,525,560</u>	<u>9,523,354</u>
	2022 £	2021 £
Financial liabilities		
Amounts owed to group undertakings	4,662,340	3,724,043
Other creditors	2,294,647	1,294,588
Accruals and deferred income	430,741	374,671
	<u>7,387,728</u>	<u>5,393,302</u>

Market risk

The Company does not have significant exposure to liquidity, cash flow or interest rate risk and therefore no sensitivity analysis for those risks has been disclosed.

Capital management

The Company considers its capital to comprise ordinary share capital, together with its accumulated retained earnings. The objective of the directors of the parent company, Lendable Operations Ltd, when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders.

The Company is not currently subject to any specific externally imposed capital requirements; however, the company is authorised by the Financial Conduct Authority. The Company has in place adequate financial resources.

11. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
4,000,000 (2021 - 4,000,000) Ordinary shares of £0.000001 each	<u>4</u>	<u>4</u>

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

12. Ultimate parent undertaking

Lendable Operations Ltd continues to hold 100% of the issued share capital of Lendable Ltd at 31 December 2022 and is therefore regarded as the immediate and ultimate parent undertaking.

13. Post balance sheet events

There were no adjusting or non-adjusting events occurring between the end of the reporting period and the date these financial statements were approved.