

REGISTERED NUMBER: 09011579 (England and Wales)



LENDABLE OPERATIONS LTD

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020



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COMPANY INFORMATION

DIRECTORS:	K M Kissinger P D Pamment R S Dighero
REGISTERED OFFICE:	Lendable Group 128 Shoreditch High Street London E1 6JE
INDEPENDENT AUDITORS:	BDO LLP 55 Baker Street London W1U 7EU

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

Lendable Operations Ltd ("Lendable", or the "group") operates a consumer lending technology platform. The platform seeks to build a leading position in consumer finance, offering personal loans, credit cards and car finance. The principal activities of the company include credit analysis, data analytics, technology development, asset management, and customer service.

BUSINESS REVIEW

The results of the group for the year show an increase in revenue of 12% to £36.1m (2019 - £32.2m), and a profit after tax of £26.6m (2019 - £14.9m). Lendable continued to build its balance sheet during 2020, with cash reserves held at year-end of £39.4m (2019 - £25.8m), no borrowings, and shareholders' equity of £54.0m (2019 - £26.2m).

Lendable continues to make significant investments in its technology, risk management, customer service and compliance functions.

CUSTOMER SATISFACTION AND AWARDS

Lendable has won a number of awards over the last 12 months that reflect the growth of the 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 highly in the Sunday Times Tech Track 100 and Deloitte Fast 50 awards for the second consecutive year.

BUSINESS ENVIRONMENT DURING 2020

The business environment globally was heavily influenced by the emergence of and response to the COVID-19 virus. The impact of COVID-19 on Lendable, and its response is outlined below. COVID-19 caused a drop in demand for consumer credit in the UK during March and April followed by a steady recovery throughout the rest of the year. Government schemes provided considerable support to the economy. In addition, the Bank of England reduced the base rate from 0.75% to 0.10%, which reduced borrowing costs for many businesses and individuals. The credit performance observed by Lendable was stable relative to previous years.

COVID-19 IMPACT

Lendable has demonstrated considerable resilience to the challenges presented by COVID-19. The UK government implemented measures to respond to the COVID-19 outbreak in the UK in March 2020. Lendable's technology and business continuity planning have allowed it to operate with all staff working remotely. Throughout the period there was no disruption to the operations and services it provides to its customers and investors. Lendable did not participate in any of the Government support schemes offered to businesses, such as staff furlough or funding support schemes. Investor demand for Lendable originated loans remained strong.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

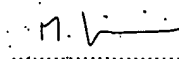
The Financial Conduct Authority (FCA) introduced guidance to lenders on how to provide support to customers who have experienced temporary payment difficulties as a result of circumstances relating to COVID-19. Lendable adopted an approach to offer appropriate support to comply with the FCA Guidance; this was documented and approved by the Lendable Ltd Risk Committee.

Lendable designed its approach to offer customers a clear and fair solution that could be delivered promptly and tailored appropriately to each individual's circumstances which include full and partial payment deferrals.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is overseen by Lendable'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).

ON BEHALF OF THE BOARD:


.....
Mr K M Kissinger
Director
128 Shoreditch High Street
London
E1 6JE

Date: 13 September 2021
.....

REPORT OF THE DIRECTORS

The directors present their report with the financial statements of the group for the year ended 31 December 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

K M Kissinger
P D Pamment
R S Dighero

DIVIDEND

The results for the year can be found on page 11. The directors do not recommend the payment of a dividend.

GOING CONCERN

The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate. The directors have prepared cash flow projections for the company covering a period of at least 12 months from the date of their approval of these financial statements. The directors consider the company will be able to operate within its available facilities.

PRINCIPAL ACTIVITY

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

FINANCIAL INSTRUMENTS

The financial instruments held by the group mainly consisted of cash deposits held with deposit taking institutions regulated in the United Kingdom. No other material financial instruments are issued by the group, other than those loan notes issued to investors to record their investment in platform loans.

The group also holds some investments on its balance sheet which it has purchased to generate secondary income and support its trading activities. In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals) all arise directly from the group operations.

MANAGEMENT OF FINANCIAL RISK

Lendable sells the economic rights to the loans that it originates and therefore does not retain significant credit risk. The company holds significant cash reserves and therefore considers liquidity risk to be low. It has very low exposure to currency risk as all material transactions are undertaken in GBP. It does not hold significant financial instruments that give rise to market risks.

REPORT OF THE DIRECTORS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company 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 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information 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.

FUTURE DEVELOPMENTS

The company plans to make further investments in its technology and data science capabilities, which will provide the company with further growth opportunities, and help Lendable retain its leading position in these areas. The company also plans to expand its capital markets and asset management operations.

REPORT OF THE DIRECTORS

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are uninformed, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, BDO LLP will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:



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K M Kissinger
Director
128 Shoreditch High Street
London
E1 6JE

Date: 13 September 2021

INDEPENDENT AUDITOR'S REPORT TO DIRECTORS OF LENDABLE OPERATIONS LTD

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lendable Operations Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise Consolidated Income Statement for the year ended 31 December 2020, Consolidated Statement of Financial Position as at 31 December 2020, Consolidated Statement of Changes in Equity for the year ended 31 December 2020, Company Statement of Financial Position as at 31 December 2020, Company Statement of Changes in Equity for the year ended 31 December 2020, Consolidated Cash Flow Statement for the year ended 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 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 Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 Group's and Parent 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 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 auditor's report thereon.

INDEPENDENT AUDITOR'S REPORT TO DIRECTORS OF LENDABLE OPERATIONS LTD

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.

Other Companies Act 2006 reporting

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 Group and Parent 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 Report of the Directors, 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO DIRECTORS OF LENDABLE OPERATIONS LTD

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.

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:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which would be contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, those resulting from being authorised by the Financial Conduct Authority to undertake regulated activities and relevant accounting standards.

We considered compliance with laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of directors and management;
- testing of journal postings made during the year to identify potential management override of controls; and
- review of meeting minutes throughout the period.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur 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 is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO DIRECTORS OF LENDABLE OPERATIONS LTD

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent 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

13 September 2021

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

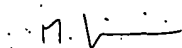
GROUP INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
REVENUE		36,072	32,197
Operating expenses		(16,937)	(15,497)
Other operating income		-	671
Operating profit before share-based charges		19,135	17,371
Share-based payment charge	16	(537)	(290)
OPERATING PROFIT		18,598	17,081
Interest receivable and similar income		358	103
Gains from current asset investments		283	108
PROFIT BEFORE TAXATION		19,239	17,292
Tax	5	7,372	(2,383)
RESULT FOR THE FINANCIAL YEAR		26,611	14,909
Attributable to:			
Owners of the parent		26,611	14,909
Amount to equity:		27,148	15,199

GROUP STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	7	662	443
Tangible assets	8	139	117
		801	560
CURRENT ASSETS			
Debtors	10, 11	16,132	2,677
Cash at bank	CF2	39,445	25,807
		55,577	28,484
CREDITORS			
Amounts falling due within one year	12	(2,427)	(2,804)
NET CURRENT ASSETS		53,150	25,680
NET ASSETS		53,951	26,240
CAPITAL AND RESERVES			
Called up share capital	14	0	0
Share premium		5,440	4,877
Retained earnings	15	48,511	21,363
SHAREHOLDERS' FUNDS		53,951	26,240

The financial statements were approved by the board of directors on 13 September 2021 and were signed on its behalf by: -



K M Kissinger
Director

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

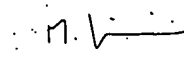
	Called up share capital £	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	7	4,778	6,164	10,942
Changes in equity				
Issue of share capital	-	99	-	99
Total profit	-	-	14,909	14,909
Share-based payment charge	-	-	290	290
Balance at 31 December 2019	<u>7</u>	<u>4,877</u>	<u>21,363</u>	<u>26,240</u>
Changes in equity				
Issue of share capital	-	563	-	563
Total profit	-	-	26,611	26,611
Share-based payment charge	-	-	537	537
Balance at 31 December 2020	<u>7</u>	<u>5,440</u>	<u>48,511</u>	<u>53,951</u>

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	7	662	443
Tangible assets	8	139	117
Investments	9	12	12
		<u>813</u>	<u>572</u>
CURRENT ASSETS			
Debtors	10, 11	18,859	8,289
Cash at bank		36,278	19,443
		<u>55,137</u>	<u>27,732</u>
CREDITORS			
Amounts falling due within one year	12	(2,019)	(2,084)
NET CURRENT ASSETS		<u>53,118</u>	<u>25,648</u>
NET ASSETS		<u>53,931</u>	<u>26,220</u>
CAPITAL AND RESERVES			
Called up share capital	14	0	0
Share premium		5,440	4,877
Retained earnings		48,491	21,343
SHAREHOLDERS' FUNDS		<u>53,931</u>	<u>26,220</u>

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The single entity (Lendable Operations Ltd) profit for the year was £26.7m (2019 - £14.8m).

The financial statements were approved by the board of directors on 13 September 2021 and were signed on its behalf by:


.....
K M Kissinger
Director

Company registration number: 09011579

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	7	4,778	6,159	10,937
Changes in equity				
Issue of share capital	-	99	-	99
Total profit	-	-	14,894	14,894
Share-based payment charge	-	-	290	290
Balance at 31 December 2019	<u>7</u>	<u>4,877</u>	<u>21,343</u>	<u>26,220</u>
Changes in equity				
Issue of share capital	-	563	-	563
Total profit	-	-	26,611	26,611
Share-based payment charge	-	-	537	537
Balance at 31 December 2020	<u>7</u>	<u>5,440</u>	<u>48,491</u>	<u>53,931</u>

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Cash generated from operations	CF1	17,080	16,040
Tax refund / (payments)		(2,589)	(3,053)
Net cash from operating activities		<u>14,491</u>	<u>12,987</u>
Cash flows from investing activities			
Purchase of intangible fixed assets	7	(316)	(431)
Purchase of tangible fixed assets	8	(103)	(75)
Purchase of current asset investments		(2,374)	(2,373)
Capital repayments on above		694	550
Interest received		359	103
Realised gains from investments		282	108
Net cash from investing activities		<u>(1,458)</u>	<u>(2,118)</u>
Cash flows from financing activities			
Share issue	14	563	99
Net cash from financing activities		<u>563</u>	<u>99</u>
Increase in cash and cash equivalents		13,596	10,968
Foreign exchange gains and losses		42	(34)
Cash and cash equivalents at the beginning of the year	CF2	<u>25,807</u>	<u>14,873</u>
Cash and cash equivalents at the end of the year	CF2	<u>39,445</u>	<u>25,807</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

CF1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020 £'000	2019 £'000
Profit before taxation	19,239	17,292
Depreciation and amortisation charges	178	100
Share-based payment charge	537	290
Interest received	(359)	(103)
Realised gains recognised in the profit or loss	(282)	(108)
Foreign exchange	(42)	34
	<u>19,271</u>	<u>17,505</u>
(Increase)/decrease in trade and other debtors	(1,813)	9
Increase/(decrease) in trade and other creditors	(378)	(1,474)
Cash generated from operations	<u>17,080</u>	<u>16,040</u>

CF2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of the bank balances on the consolidated Statement of Financial Position.

Year ended 31 December 2020	31.12.2020 £'000	01.01.2020 £'000
Cash at bank	<u>39,445</u>	<u>25,807</u>
Year ended 31 December 2019	31.12.2019 £'000	01.01.2019 £'000
Cash at bank	<u>25,807</u>	<u>14,873</u>

The above tables represent the overall group position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATUTORY INFORMATION

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

The consolidated statements consist of the parent entity Lendable Operations Ltd and its 100% subsidiaries;

Lendable Ltd

Lendable Capital Ltd

Lendable GP S.à r.l. (Luxembourg)

Comparable Ltd (dormant)

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with FRS 102 (the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies. Details of significant judgements and estimates can be found below within the accounting policies.

The group assessed its expected operating performance and liquidity requirements in light of COVID-19. Given the groups strong balance sheet and having reviewed the 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 financial statements continue to adopt the going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries controlled by the group. 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 which are acquired or disposed of during the year are included in the total comprehensive income from the date of acquisition and to the date of disposal applying accounting policies that are consistent with the group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement or net debt reconciliation has been presented for the parent company;
- Disclosures in respect of the parent company's income, expense, net gains and net losses on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- Disclosures in respect of the details of the parent company's share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole; and
- The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual income statement.

Significant judgements and estimates

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 continual 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. The key judgements and sources of estimating uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Share based payments

Significant estimates and judgements include the estimation of the fair value of share based payments. The group has used the 'Black-Scholes' valuation model to determine the fair value of share based payments. Any changes to volatility and assumptions made by management will impact the valuation. Further information can be found in notes of the financial statements.

Fair value

The group holds assets on its balance sheet which require estimates and judgements regarding the market value of these items, estimates and judgements have been made using level 2 and 3 inputs including; third party verification, public information, commercial pricing and the use of existing management experience with these types of asset, to value share based payments and investments including within debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Impairment of debtors

The group makes an estimate of the recoverable value of current asset investments, trade and other debtors. When assessing impairment of current asset investments, trade and other debtors, management considers factors including the credit profile of each debtor, the ageing profile of debtors and their historical experience.

Revenue and other income

The group's revenue comprises mainly of fees generated in respect of the online platform, income is also generated from advisory fees. The policies adopted for revenue items are as follows:

Origination fees

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

Repayment and servicing fees

Income from loan notes issued represent 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. 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. Servicing fees are a fixed percentage of the total loan outstanding on any given day charged to investors.

Additional servicing fees

Revenue from additional servicing fees are invoiced on behalf of the company's subsidiary Lendable Ltd. The income is generated based on the performance of loans held by investors under loan purchase and servicing deeds with Lendable Ltd, the income is recognised at the stage when conditions are met.

Investment advisory fees

Revenue from investment advisory fees represent the net invoiced services provided it is recognised by reference to the stage of any advice provided to date, gross of any Value Added Tax.

Referral income

Revenue from referrals represents net invoiced services provided; it is recognised by reference to the stage of completion of any service at the balance sheet date, gross of any Value Added Tax.

Commercial grants

Grants are accounted for under the accruals model as permitted by FRS 102, grants are recognised in other income and are recognised as and when the conditions have been met and relate to expenditure undertaken by the group.

Interest receivable

Interest from credit card receivables and bank deposits are recognised using the effective interest method ('EIR'). When calculating the EIR Lendable considers all contractual terms and expected future customer behaviour, and includes transaction costs directly related to the acquisition of the financial asset. As at 31 December 2020, Lendable reported a £215,000 asset for the incremental and directly attributable transaction costs deferred through the EIR method related to credit card receivables acquired. Bank interest is recognised using the effective interest method. Interest from other investments is recognised when it has been received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. There is an annual impairment review of the intangible assets to determine whether impairment has occurred.

Purchased intangibles

Website and software development

Development costs are being amortised evenly over their estimated useful life of between 2-5 years. Amortisation does not begin on website development costs until the feature capitalised goes live and is available for use, both internal or customer.

Integration and intellectual property

Integration set up costs are amortised evenly over their estimated useful life of 3 years. Intellectual property is written off over the expected useful production life of the asset between 1-2 years.

Consumable data

The group purchases various consumable data samples to improve its overall internal modelling, which assist in the underwriting of assets, these are amortised over the expected useful life of the data on internal modelling, expected useful life of these assets is between 2-5 years.

Domains

The group owns domains, each domain is recognised at the initial cost and then revalued at year-end to test if there has been a change in the open market purchase price of the domain.

Internally generated intangibles

Development costs

Intangible assets relate to development costs, including employee costs, and are recognised if all of the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- there is an intention and the ability to use or sell the intangible asset;
- adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset;
- it is probable that the asset will result in a flow of future economic benefits; and
- the expenditure attributable to the asset can be reliably measured.

The useful life of internally generated intangibles ranges between 2-5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

- Fixtures fittings – 25% on cost
- Computer equipment – 25% on cost

Investments

In the company's individual accounts, investments in subsidiaries are measured at cost less accumulated impairment.

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 in which a residual interest in the assets of the group after deducting all of its liabilities is evident.

Basic financial assets and liabilities

Basic financial assets, which include debtors, cash and bank balances are initially measured at transaction price and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction. This transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities, which include creditors, are recognised at transaction price. The company has not entered into any financing transactions, and all financial liabilities are due within one year.

Trade and other receivables

Trade and other receivables are measured at transaction price less any impairment.

Loans held are initially measured at fair value when purchased and revalued at year-end. Management uses existing third-party commercial pricing, and discounted cash flow projections to revalue the loan assets.

Debtors due in more than 12 months

The group holds an investment on its balance sheet within current asset investments which has a maximum capital repayment period of 8 years from the date of investment. This is carried at the net asset value issued and verified by an independent third party.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash held at banks, which includes deposits held at call and other short-term liquid cash with maturities of six months or less. 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 does not have the associated risks and rewards for the cash and there would otherwise be a corresponding liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Trade and other payables

Trade and other payables are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at 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.

Equity instruments

Equity comprises of the following:

- "Share capital" represents the nominal value of equity shares
- "Share premium" represents the value paid above the nominal value
- "Retained earnings" represents retained profits.

Employee benefits

The cost of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit or loss in the period to which they relate.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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 tax rates 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. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against future taxable profits or against the reversal of deferred tax liabilities.

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

Research and development

Expenditure on research and development is written off against the profits in the year which it is incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. GROUP FINANCIAL RISK MANAGEMENT

Share-based payments

Share-based compensation benefits are provided to employees and third parties under various equity settled schemes. The fair value of the options and warrants granted is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value. The total expense is recognised over the expected vesting period, which is the period over which the vesting conditions are expected to be satisfied.

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 group, to set appropriate risk limits and controls, and to monitor risks and ensure any limits are adhered to. The group's activities are reviewed regularly, and potential risks are considered.

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

Risk factors

The group 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 group 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, as well as current asset investments.

There is no residual credit risk to the group from loans issued to third party borrowers under loan purchase and servicing deeds with investors. The risk relates to small amounts that may be payable in exceptional operational and contractual circumstances.

The group holds a pool of loans which had been purchased in the year at fair value and were revalued at the year-end, taking into account any impairment required.

The group 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 have 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 CONSOLIDATED FINANCIAL STATEMENTS

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 group's maximum exposure to credit risk by class of financial asset is as follows:

	2020 £'000	2019 £'000
- Investments	3,738	1,691
- Trade debtors	1,137	360
- Other debtors and cash in transit	10,218	144
- Cash and cash equivalents	39,445	25,807

Credit risk is mitigated as cash and cash equivalents are held with UK banks and UK financial institutions which are either PRA or FCA authorised. The above table excludes values where not classed as a financial asset.

	2020 £'000	2019 £'000
- Cash held on behalf of investors in restricted prefunding and distribution accounts	22,986	18,263

The above table represents cash held by Lendable Ltd in UK banks and UK financial institutions, however, these balances are held in trust on behalf of investors and Lendable does not have the risk and rewards for the cash held and therefore it has not been recognised as an asset with a corresponding liability. Restricted prefunding 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 Companies within the group will not be able to meet its financial obligations as they fall due. The group'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 group's position.

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

As at 31 December 2020	<1 year £'000	1-5 years £'000	5-10 years £'000	Total £'000
Financial assets				
Investments	-	1,187	2,756	3,943
Trade and other debtors	11,355	-	-	11,355
Cash and cash equivalents	39,445	-	-	39,445
	50,800	1,187	2,756	54,743

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial liabilities

Trade and other creditors	2,427	-	-	2,427
	<u>2,427</u>	<u>-</u>	<u>-</u>	<u>2,427</u>

As at 31 December 2019	<1 year	1-5 years	5-10 years	Total
Financial assets	£'000	£'000	£'000	£'000
Investments	-	701	990	1,691
Trade and other debtors	504	-	-	504
Cash and cash equivalents	25,807	-	-	25,807
	<u>26,311</u>	<u>701</u>	<u>990</u>	<u>28,002</u>

Financial liabilities

Trade and other creditors	1,915	-	-	1,915
	<u>1,915</u>	<u>-</u>	<u>-</u>	<u>1,915</u>

The above table excludes values where not classed as a financial asset or financial liability.

Market risk

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

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

4. GROUP EMPLOYEES

The average monthly number of persons employed by the group and company during the year was:

	2020	2019
Operations, credit and servicing	51	33
Administration and management	25	21
	<u>76</u>	<u>54</u>

Staff costs for the group and company consist of:

	2020	2019
	£'000	£'000
Wages and salaries	5,151	3,307
Social security costs	622	395
Pension contributions	71	42
	<u>5,844</u>	<u>3,744</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A defined contribution pension scheme is operated by Lendable Operations Ltd on behalf of the employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Company contributions amounting to £16,905 (2019 - £12,956) were payable to the fund at year-end and are included in creditors.

Directors remuneration

The following was paid in respect of the group's directors:

	2020 £'000	2019 £'000
Remuneration for qualifying services	120	120
Pension contributions	1	1
	121	121

The highest paid director during the year received remuneration of £61,314 (2019 – £61,188). 137,665 options were exercised by the directors during the year (2019 – 24,275).

5. GROUP TAXATION

	2020 (£'000)	2019 (£'000)
<u>Current tax</u>		
Current tax	-	2,802
Adjustments for prior periods	-	(404)
Total current tax charge	-	2,398
<u>Deferred tax</u>		
Origination and reversal of timing differences	-	(15)
Effect of tax losses carried forward	7,372	-
Total deferred tax charge	7,372	(15)
Tax on profit on ordinary activities	7,372	2,383
	2020 (£'000)	2019 (£'000)
Profit before taxation	19,239	17,292
Profit multiplied by the standard rate of tax of 19% (2019 – 19%)	3,655	3,285
Effects of:		
Expenses not deductible for tax purposes	99	124
Capital allowances in excess of depreciation	(67)	(89)
Share scheme deduction	(10,527)	(34)
R&D tax credits	(532)	(484)
Unadjusted 2018 R&D credit	-	(404)
Losses carried forward and deferred tax	-	(15)
Current tax charge	(7,372)	2,383

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. AUDITORS' REMUNERATION

	2020 £'000	2019 £'000
Total Fees payable	<u>70</u>	<u>50</u>

The fees payable are the fees to the group's auditors for the audit of the group and each individual company financial statements (excluding VAT). There were no non-audit services carried out by the appointed auditor. The amounts stated above were all borne by the parent company Lendable Operations Ltd.

7. INTANGIBLE FIXED ASSETS

	Website and software £'000	Data bases £'000	IP £'000	Domain £'000	Total £'000
COST					
At 01.01.2020	438	86	24	-	548
Additions	92	74	-	149	315
At 31.12.2020	<u>530</u>	<u>160</u>	<u>24</u>	<u>149</u>	<u>863</u>
AMORTISATION					
At 01.01.2020	69	12	24	-	105
Charge for the year	83	13	-	-	96
At 31.12.2020	<u>152</u>	<u>25</u>	<u>24</u>	<u>-</u>	<u>201</u>
NET BOOK VALUE					
At 31.12.2020	378	135	-	149	662
At 31.12.2019	<u>369</u>	<u>74</u>	<u>-</u>	<u>-</u>	<u>443</u>

The table above represents the intangible fixed assets of both the group and the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. TANGIBLE FIXED ASSETS

	Fixtures & Leasehold £'000	Computer equipment £'000	Total £'000
COST			
At 01.01.2020	68	126	194
Additions	28	75	103
At 31.12.2020	96	201	297
DEPRECIATION			
At 01.01.2020	29	48	77
Charge for the year	42	39	81
At 31.12.2020	71	87	158
NET BOOK VALUE			
At 31.12.2020	25	114	139
At 31.12.2019	40	77	117

The table above represents the tangible fixed assets of both the group and the company.

9. FIXED ASSET INVESTMENTS

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
<u>Investments in subsidiaries</u>				
Net book value b/fwd	-	-	12	0
Additions	-	-	-	12
Impairment	-	-	-	-
Net book value c/fwd	-	-	12	12

The company's investments are made up of its investment in the share capital of subsidiaries which includes:

Comparable Ltd

Registered office: 128 Shoreditch High Street, London, E1 6JE

Nature of business: N/A – Dormant company

Holding – 100% ordinary shares

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Lendable Ltd

Registered office: 128 Shoreditch High Street, London, E1 6JE

Nature of business: Online marketplace - regulated consumer loans

Holding – 100% ordinary shares

	2020 £'000	2019 £'000
Aggregate capital and reserves	10	10
Profit for the year	6,719	5,001

Lendable Capital Ltd

Registered office: 128 Shoreditch High Street, London, E1 6JE

Nature of business: Investment advisory services

Holding – 100% ordinary shares

Incorporated on 24/01/2019

	2020 £'000	2019 £'000
Aggregate capital and reserves	10	10
Profit for the year	94	38

Lendable GP Sàrl

Registered office: Ave Monterey 40, 2163 Luxembourg, Luxembourg

Nature of business: Investment vehicle

Holding – 100% ordinary shares

Incorporated on 19/06/2019

	2020 £'000	2019 £'000
Aggregate capital and reserves	12	12
Profit for the year	0	0

The investments held relate to non-listed wholly owned subsidiaries.

10. DEBTORS: FALLING DUE WITHIN 12 MONTHS

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	1,137	360	306	125
Other debtors	10,218	143	9,107	71
Prepayments	824	483	824	483
Intercompany balances	-	-	4,669	5,919
	<u>12,179</u>	<u>986</u>	<u>14,906</u>	<u>6,598</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INVESTMENTS: DEBTORS FALLING DUE AFTER 12 MONTHS

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Loans & investments level 2	2,551	990	2,551	990
Loans & investments level 3	1,402	701	1,402	701
	<u>3,953</u>	<u>1,691</u>	<u>3,953</u>	<u>1,691</u>

Level 3 reconciliation

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Opening balance	701	34	701	45
Additions	1,147	873	1,147	873
Amortisation	(8)	-	(8)	-
Cash received / repayment	(694)	(260)	(694)	(271)
Fair value movement / gains	256	54	256	54
	<u>1,402</u>	<u>701</u>	<u>1,402</u>	<u>701</u>

12. CREDITORS: FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	357	613	357	613
Corporation tax, other taxes	292	1,084	252	496
Other creditors	248	280	-	148
Accruals	1,530	827	1,410	827
	<u>2,427</u>	<u>2,804</u>	<u>2,019</u>	<u>2,084</u>

13. LEASING AGREEMENTS & CAPITAL COMMITMENTS

The following commitments fall due as follows:

	2020	2019
	£'000	£'000
Within one year	383	533
Between one and five years	600	1,500
	<u>983</u>	<u>2,033</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The amount due after 12 months relates to an investment with a capital call term of 3 years, the balance represents the uncalled capital. The above table represents the operating lease and capital commitments for both the group and the company.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number	Class	Nominal value	2020 (£)
7,291,437	Ordinary	0.000001p	7
Number	Class	Nominal value	2019 (£)
6,649,242	Ordinary	0.000001p	7

15. GROUP PROFIT AND LOSS RESERVES RECONCILIATION

	2020 £'000	2019 £'000
Retained earnings brought forward	21,363	6,164
Profit/(loss) after tax for the year	26,611	14,909
Share-based payment charge	537	290
Retained earnings carried forward	48,511	21,363

16. SHARE-BASED PAYMENT TRANSACTIONS

During the year ended 31 December 2020, the group had a combination of share-based payment arrangements in place which are described below:

Employee options

Lendable Operations Ltd operates an equity-settled Enterprise Management Incentive (EMI) scheme and an unapproved option scheme for employees. At 31 December 2020, the company had 824,256 share options in issue. Details of numbers and movements in the share options during the year are as follows:

	Number 2020	WAEP* 2020	Number 2019	WAEP* 2019
Outstanding at the beginning of the year	1,446,765	£1.8245	1,315,004	£1.5691
Granted during the year	35,860	£8.6808	246,007	£2.6451
Exercised during the year	(620,218)	£0.4780	(113,246)	£0.6375
Lapsed during the year	(38,151)	£2.7227	(1,000)	£2.2848
Outstanding at the end of the year	824,256	£3.0312	1,446,765	£1.8245

(*) WAEP – weighted average exercise price

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The average contractual life was 1-4 years (2019 – 1-5 years). 18,103 options outstanding at the end of the year, had been fully vested (whole option agreement) and were exercisable at the end of the year (2019 – 165,213).

Fair value

The fair value of equity settled share options granted is estimated as at the date of grant and the equity settled warrants are valued when each unit condition has been met.

The 'Black-Scholes' model has been used to estimate the fair value of both the employee options and the warrants, considering the terms and conditions upon which the options were granted.

The following assumptions were made in valuing the options:

	2020	2019
Average market value (various)	£22.587	£5.714
Average exercise price (various)	£4.0992	£2.196
Expected life*	1-4 years	1-5 years
Expected volatility	47.5-76.4%	47.5-55.9%
Risk-free interest rate	0.093-0.843%	0.625-0.843%
Provision for leavers	31%	12.5%
Dividend Yield	-	-

A proportion of the options issued vest upon qualifying events being carried out and therefore a charge shall be recognised as and when such criteria for those employees have been met.

Charge

The share-based remuneration expense comprises:

	2020	2019
	£'000	£'000
Expense arising from employee options	537	290
	<u>537</u>	<u>290</u>

Within the above charge £536,662 is equity settled and therefore there is an equal and opposite credit to the profit and loss reserves.

Due to Lendable Operations Ltd being an unlisted entity, the expected volatility has been determined by calculating the historical volatility of comparator listed Companies which have been used to estimate the expected volatility of Lendable Operation's share options as at the grant date. This may not necessarily be the actual outcome.