

Company Registration No. 09080838 (England and Wales)

GAPCAP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
PAGES FOR FILING WITH REGISTRAR

LB GROUP
Number One
Vicarage Lane
Stratford
London
England
E15 4HF

GAPCAP LIMITED

CONTENTS

	Page
Balance sheet	1
Notes to the financial statements	3 - 12

GAPCAP LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022	2021
	Notes	£	£
Fixed assets			
Intangible assets	5	386,833	360,697
Current assets			
Debtors	7	2,132,898	5,223,275
Cash at bank and in hand		606,726	6,213,802
		2,739,624	11,437,077
Creditors: amounts falling due within one year	8	(9,568,059)	(10,993,716)
Net current (liabilities)/assets		(6,828,435)	443,361
Total assets less current liabilities		(6,441,602)	804,058
Provisions for liabilities		(8,367)	(8,367)
Net (liabilities)/assets		(6,449,969)	795,691
Capital and reserves			
Called up share capital	10	826	826
Share premium account		1,436,790	1,436,790
Profit and loss reserves		(7,887,585)	(641,925)
Total equity		(6,449,969)	795,691

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 29 September 2023 and are signed on its behalf by:

Mr L W M Mysyrowicz
Director

Company Registration No. 09080838

GAPCAP LIMITED

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

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2021	826	1,436,790	(991,497)	446,119
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	349,572	349,572
Balance at 31 December 2021	826	1,436,790	(641,925)	795,691
Year ended 31 December 2022:				
Loss and total comprehensive income for the year	-	-	(7,245,660)	(7,245,660)
Balance at 31 December 2022	826	1,436,790	(7,887,585)	(6,449,969)

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Gapcap Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Vicarage Lane, Stratford, London, England, E15 4HF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Growth Lending Group Limited. These consolidated financial statements are available from its registered office, 1 Vicarage Lane, Stratford, England, London, England, E15 4HF.

1.2 Going concern

The group has been negatively impacted by macroeconomic uncertainty, including above expected inflation and interest rates, which have delayed fundraising initiatives and reduced the group's earning capacity for a temporary period.

Despite this, the group has managed its cost base prudently to ensure longevity and positive cashflow. Furthermore, we have seen an improvement in group performance steadily over the past 6 months, and expect to close new investments on multiple fronts and products imminently, with positive EBITDA and cashflow expected by end 2023, allowing for future growth in AUM.

Finally the group continues to have strong third party institutional financial backing, ensuring cash runway well into the future, to help substantiate the additional profits from new fund closures, and this gives the directors and the group the comfort to trade as a going concern.

Individually the company continues to benefit from the support of its main lender included in note 8 of the financial statements. The lender has expressed support of the business and its wider business interests for a period of 12 months from the signing of the financial statements and will not recall debts due to itself at the detriment of the entity or the wider group.

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.3 Turnover

Turnover comprises the company's share of interest due from secured loans made to borrowers on the basis of the agreements in place between the company and the borrowers and the company who provided the secured lending.

Revenue is recognised on the time proportion basis after taking into account the amount outstanding and the loan rate applicable. Interest is calculated daily and it is recognised in arrears at the end of the month.

Financial facility sign up fees are recognised at the time of the approval of underlying loan terms.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% Straight Line
----------	-------------------

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% Straight Line
-----------------------	-------------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Borrowing costs related to fixed assets

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried 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 the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Short term debtors are measured at transaction price, less any impairment.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Finance costs

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

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.13 Employee benefits

The costs 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Foreign exchange

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Research and Development

The company capitalises a proportion of the research and development annual expense. This is based on management's judgement that these relate to expenses incurred to produce or substantially improve systems, rather than pure and applied research costs.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, managements considered factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Impairment of group loans

The Company makes an estimate of the recoverable value of group loans. When assessing the impairment of group loans management considers whether there is objective evidence of impairment including:

- economic or legal reasons relating to the debtors financial difficult; and
- observable data indicating that there has been a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those asset.

3 Exceptional item

	31 December 2022 £	31 December 2021 £
Expenditure		
Intercompany write off	(6,885,137)	-

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Total	2	2

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Employees

(Continued)

The average number of employees employed by the company were 2 (2021: 2). The services of 12 employees were used by the company (2021: 19 employees). All of whom are employed by a fellow group company.

5 Intangible fixed assets

Software
£

Cost

At 1 January 2022

839,679

Additions

145,950

At 31 December 2022

985,629

Amortisation and impairment

At 1 January 2022

478,982

Amortisation charged for the year

119,814

At 31 December 2022

598,796

Carrying amount

At 31 December 2022

386,833

At 31 December 2021

360,697

6 Tangible fixed assets

Plant and
machinery etc

£

Cost

At 1 January 2022 and 31 December 2022

28,037

Depreciation and impairment

At 1 January 2022 and 31 December 2022

28,037

Carrying amount

At 31 December 2022

-

At 31 December 2021

-

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	113,875	653,640
Amounts owed by group undertakings	2,000,000	4,377,519
Other debtors	19,023	192,116
	<u>2,132,898</u>	<u>5,223,275</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

8 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	56,422	53,628
Amounts owed to group undertakings	-	661,297
Taxation and social security	79,046	87,160
Other creditors	9,432,591	10,191,631
	<u>9,568,059</u>	<u>10,993,716</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Debt included in other creditors, repayable on demand relates to funds received from a 3rd party lender. The terms of the debt carry a market led interest rate.

9 Security & charges

During the prior period, fixed and floating charges were raised on the Company by Cairn Private Credit. Commercial rates of interest were charged either directly or indirectly during the period. To the date of the signing of the financial statements, subsequent to the year end, there has been no change in charges over the company.

10 Called up share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary Shares of 0.1p each	825,886	825,886	826	826

Included in share capital is 250 Ordinary A Shares at 0.1p each. These shares have no rights in the company with respect to voting, pre-emption, dividends and distributions.

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Key audit matters

We draw attention to note 1.2 within the financial statements which describes the Going Concern of the company. This note details a number of key internal factors on which the Going Concern of the company is reliant on. Our opinion is not modified in respect of the matter.

Senior Statutory Auditor:
Statutory Auditor:

Richard Lane
LB Group Limited (Stratford)

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Related party transactions

The company has taken advantage of exemptions, under the terms of Financial Reporting Standards 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

13 Ultimate controlling party

The immediate parent company is King's Cross Capital Limited by way of its 100% holding of the issued share capital of Gapcap Limited.

The ultimate parent company is Growth Lending Group Limited by way of its 100% holding of the issued share capital of King's Cross Capital Limited.

Growth Lending Group Limited is the smallest and largest group of undertakings to consolidate these financial statements. The consolidated accounts are available from the registered office, 1 Vicarage Lane, Stratford, England, London, England, E15 4HF.

The ultimate controlling party is Mr Mysyrowicz by way of his 100% holding of the issued share capital of Growth Lending Group Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.