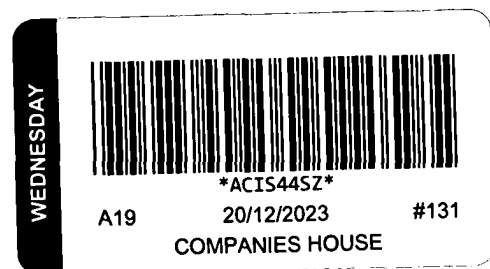


Company Registration No. 09571824 (England and Wales)

**CAPITALRISE FINANCE LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 JULY 2023**  
**PAGES FOR FILING WITH REGISTRAR**



# CAPITALRISE FINANCE LIMITED

## CEO REPORT

### FOR THE YEAR ENDED 31 JULY 2023

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I am pleased to be reporting on another successful year for CapitalRise. In a testing economic and political environment both domestically and internationally, we completed a successful equity raise at an increased valuation, achieved a record year for loan origination, significantly grew our Assets Under Management and secured further institutional capital lines to diversify our funding base, increase the resilience of the business and drive future growth.

We remain focused exclusively on our core business, serving experienced property developers with bespoke, flexible funding solutions and providing investors with the opportunity to achieve attractive risk-adjusted returns from a previously inaccessible asset class, prime real estate debt.

Over the course of the financial year, the Bank of England raised base rates by 4%. Many other players retreated from the market as a result, but we regard these conditions as an opportunity to increase market share, especially given the resilient nature of the prime market. We are delighted with how we met these challenges, successfully navigating the volatile market and proving the benefit of our adaptable and nimble business model. We kept our lending approach under constant review as we sought the right balance between being competitive in the lending market, attracting funding from investors at appropriate risk-adjusted rates and achieving our financial targets.

As at 31 July 2023, we had originated £295m of loan facilities and have repaid £135m to investors in capital and returns since inception with zero investment losses and an average return of 8.3% pa.

Highlights for the 2023 financial year include:

- 70% increase in live gross loan book
- 66% increase in trading income
- Secured a £20m funding line which is over 90% allocated. In final stages of legal for another large funding line to be signed in early FY24.
- Successful equity raise in July 2023, securing £1.74m of funding, 74% above our target.
- 285% increase in net assets aided by equity raise and Convertible Loan Notes converting to equity
- Winner of Best Alternative Finance Provider award at the British Bank Awards for the 4th year in a row
- 50% increase in headcount, increasing strength and depth of expertise throughout the business

#### Financials

Trading income (comprising revenue, interest received and adjustments to Fair Value) increased by 66% in the year which contributed towards achieving our budgeted operating P&L. We hit profitability in the last quarter of FY23 and have been profitable since then. Rolling 12 month trading income to Oct 2023 is above £4m and with a live gross loan book of £150m, and climbing, we are confident in the financial outlook for the business.

The completion of our equity raise in July 2023 has put our Balance Sheet in a robust position with net assets of over £5m. More than £3m of this comprises liquid assets in the form of cash or pre-funding of loans before syndication to our investors. As well as providing investment into the business, we will use this to increase our flexibility in funding loans.

We continue to invest heavily in the business. We have grown and enhanced our tech team, are building out our risk function and growing our origination and investor relations teams to support the growth of the company.

#### Lending

FY23 was the first time CapitalRise had operated in a sharply rising interest rate environment. We took a strategic approach, seeing this as a major opportunity to grow market share and increase our Net Interest Margin while also adjusting our risk appetite. Over the course of the year we wrote 31% more loans than the previous year.

We specifically targeted very high quality, experienced borrowers whose previous funders may have withdrawn from the market, establishing strong relationships with new customers. The success of this approach is seen in the fact that our number of repeat borrowers has doubled over the course of the year. The quality of our borrowers formed a crucial part of our strategy to manage our risk exposure during this period.

Our expertise in prime property remains a considerable advantage – the prime market benefits from a degree of insulation from tough economic conditions as buyers are more economically resilient and many benefit from a favourable exchange rate. For example Savills report 66% of Prime Central London (PCL) sales are cash purchases which means that PCL is less impacted by the effects of mortgage affordability challenges caused by rising interest rates. This maintains demand and supports property values. Our knowledge of the prime space also allows us be particularly rigorous during the credit process.

# **CAPITALRISE FINANCE LIMITED**

## **CEO REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2023**

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### **Lending (continued)**

This strategy has placed us in an enhanced position in the market compared to 12 months ago. Property developers are still facing challenges with higher build and finance costs but the market remains buoyant in the prime sector. We are seeing a huge numbers of enquiries, our pipeline in 2024 is strong and we are well-positioned to capitalise.

### **Investing**

FY23 was a highly successful year for our funding platform. Our platform Assets Under Management increased by 40% driven both by new customers and existing customers deploying more capital to the platform and increasing the number and/or size of their investments.

Diversifying our sources of capital is a key part of our growth strategy. We closed a £20m funding line in November 2022 which is now over 90% allocated. We are also in the final stages of negotiations for another funding line which will more than double our funding capacity. These will be complementary to our platform funding – a portion of every loan with our funding partners will be made available to the platform investors on top of our usual platform-only opportunities.

### **Outlook**

CapitalRise ends FY23 in a strong position and we have set ambitious growth targets for FY24. The prime market has once again demonstrated its resilience, we are seeing a significant number of enquiries and have had a successful start to FY24 with a strong deal pipeline. We continue to be selective about the investment opportunities we offer to our investors, only lending to experienced borrowers on high quality real estate in the right locations with realistic valuations.

The strength and experience of our team means we are well placed to take advantage of these opportunities and scale the business in a controlled and sustainable fashion.

We have worked hard to deepen our relationships with our customers on both the borrowing and investment sides of the business. In addition we have welcomed many new shareholders to the business as a result of our equity raise. We look forward to repaying their loyalty and trust over the coming year and beyond.

*Uma Rajah*

.....  
Ms U Somasundarajah  
**Chief Executive Officer**

**CAPITALRISE FINANCE LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 JULY 2023**

		<b>2023</b>		<b>2022 as restated</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Intangible assets	<b>6</b>		311,995		165,644
Tangible assets	<b>7</b>		38,499		26,131
Investments	<b>8</b>		2,987,570		985,189
			<u>3,338,064</u>		<u>1,176,964</u>
<b>Current assets</b>					
Debtors	<b>9</b>	2,725,398		2,291,124	
Cash at bank and in hand		838,426		897,008	
			<u>3,563,824</u>		<u>3,188,132</u>
<b>Creditors: amounts falling due within one year</b>	<b>10</b>	(1,550,628)		(594,119)	
<b>Net current assets</b>			<u>2,013,196</u>		<u>2,594,013</u>
<b>Total assets less current liabilities</b>			<u>5,351,260</u>		<u>3,770,977</u>
<b>Creditors: amounts falling due after more than one year</b>	<b>11</b>		-		(2,807,911)
<b>Net assets</b>			<u>5,351,260</u>		<u>963,066</u>
<b>Capital and reserves</b>					
Called up share capital	<b>13</b>		9		8
Share premium account	<b>14</b>		11,617,200		6,754,859
Profit and loss reserves	<b>14</b>		(6,265,949)		(5,791,801)
<b>Total equity</b>			<u>5,351,260</u>		<u>963,066</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 July 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

**CAPITALRISE FINANCE LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 31 JULY 2023**

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The financial statements were approved by the board of directors and authorised for issue on 21/11/23 and are signed on its behalf by:

*Uma Rajah*

.....  
Ms U Somasundararajah  
**Director**

# CAPITALRISE FINANCE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2023

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total £
<b>As restated for the period ended 31 July 2022:</b>						
			--			
<b>Balance at 1 August 2021</b>		8	6,754,859	1,014,696	(5,706,886)	2,062,677
Effect of change in accounting policy		-	-	(1,014,696)	1,014,696	-
<b>As restated</b>		8	6,754,859	-	(4,692,190)	2,062,677
<b>Year ended 31 July 2022:</b>						
Loss and total comprehensive income for the year (as restated)		-	-	-	(1,347,758)	(1,347,758)
Credit to equity for equity settled share-based payments	4	-	-	-	248,147	248,147
<b>Balance at 31 July 2022 (as restated)</b>		8	6,754,859	-	(5,791,801)	963,066
<b>Year ended 31 July 2023:</b>						
Loss and total comprehensive income for the year		-	-	-	(656,498)	(656,498)
Issue of share capital	13	-	1,743,381	-	-	1,743,381
Conversion of loan to shares	13	1	3,118,960	-	-	3,118,961
Credit to equity for equity settled share-based payments	4	-	-	-	182,350	182,350
<b>Balance at 31 July 2023</b>		9	11,617,200	-	(6,265,949)	5,351,260

# CAPITALRISE FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

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### 1 Accounting policies

#### Company information

CapitalRise Finance Limited is a private company limited by shares. The company is FCA regulated and is registered and incorporated in England and Wales. The registered office is 7-9 Swallow Street, London, W1B 4DE.

#### 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 £1.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain assets at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

#### Going concern

These financial statements are prepared on the going concern basis. A cash flow forecast for the twelve months from the date when the financial statements are authorised for issue, prepared by management, has indicated that the entity will have sufficient cash assets to be able to meet its debts as and when they are due. The directors expect that the company will continue in operational existence for the foreseeable future.

#### Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes where applicable.

Incoming receipts in the year are recognised within interest receivable and similar income. The difference between total fair value of the consideration and interest receivable and similar income is recognised as adjustments to the fair value of financial assets.

Arrangement fees are recognised in full once the arrangement services have been completed and funds become available for drawdown by the customer.

Annual management and monitoring fees are recognised on a straight line basis over the period that these services are provided.

#### Intangible fixed assets other than goodwill

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

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

Website	10 years straight line
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# CAPITALRISE FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2023

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#### 1 Accounting policies (Continued)

##### **Tangible fixed assets**

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

Depreciation is recognised so as to write off the cost 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.

##### **Fixed asset investments**

Capitalrise Finance Limited establishes special purpose vehicles ("SPV") for each lending transaction. The SPV is a subsidiary of the company and each SPV holds a distinct property asset and the related funding liability. The initial cost of investment in the subsidiary is the equity capital required which is initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Transaction costs are expensed to profit or loss as incurred. Changes in fair value are recognised in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### **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.

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, unless it is below the initial cost of the asset in which case it is expensed to the profit or loss.

##### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held on call with banks.



# CAPITALRISE FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2023

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#### 1 Accounting policies (Continued)

##### **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 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 trade and other debtors, amounts owed by group undertakings 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **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.

##### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings, 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.

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

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

##### **Compound instruments**

Convertible loans are initially measured at cost and subsequently remeasured to fair value at the reporting date. The movement in fair value is recognised in profit or loss in finance costs or finance income as appropriate.

##### **Equity instruments**

Equity instruments issued by the company are recorded at the fair value of 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.

# CAPITALRISE FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2023

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#### 1 Accounting policies (Continued)

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

##### **Retirement benefits**

The company operates a defined contribution scheme. The amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as accruals.

##### **Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

# CAPITALRISE FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

### 1 Accounting policies (Continued)

#### 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.

### 2 Change in accounting policy

The fixed asset investments accounting policy has been changed in the current year. Historically, changes in fair value of fixed asset investments were recognised in other comprehensive income and held in the revaluation reserve. This has been amended to show the changes in fair value through profit or loss.

Loan finance is operated through wholly-owned subsidiaries, which is the core business of the company. The margin between the origination and funding of the loans is a major source of turnover for the company.

Management consider that recognising changes in fair value of these fixed asset investments in profit or loss is a fairer representation of the performance of the company.

In the current year, the change in fair value of fixed asset investments of £2,002,361 has therefore been recognised in other gains and losses in the statement of comprehensive income, rather than in other comprehensive income via the revaluation reserve.

In accordance with the FRS 102, changes in accounting policy are applied retrospectively to reflect the position as if the policy had always been applied. Therefore a prior period adjustment has been processed to reclassify an amount of £79,540 from other comprehensive income to other gains and losses in the statement of comprehensive income. As part of that restatement, amounts held in the revaluation reserve have been reclassified to the profit and loss reserve as shown below.

#### Changes to the statement of financial position

	As previously reported £	Adjustment at 1 Aug 2021 £	Adjustment at 31 Jul 2022 £	As restated at 31 Jul 2022 £
Net assets	963,066	-	-	963,066
<b>Capital and reserves</b>				
Revaluation reserve	935,156	(1,014,696)	79,540	-
Profit and loss	(6,726,957)	1,014,696	(79,540)	(5,791,801)
Total equity	963,066	-	-	963,066

### 3 Employees

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

	2023 Number	2022 Number
Total	19	14

# CAPITALRISE FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

### 4 Share-based payment transactions

The company has granted share options to certain members of staff with a vesting period of up to 4 years and subject to certain performance criteria. The share options lapse 10 years from the date of grant. Management have concluded that on the date of grant the fair value of each share option was £11.37 for share options granted in 2018 and £28.68 for the remaining share options.

During the year ended 31 July 2023, the company recognised total share-based payment expenses of £182,350 (2022: £248,147) related to equity settled share-based payment transactions.

### 5 Interest payable and similar expenses

	2023 £	2022 £
<b>Interest on financial liabilities measured at fair value:</b>		
Interest on convertible loan notes	209,006	193,365
<b>Other finance costs:</b>		
Finance costs for financial instruments measured at fair value through profit or loss	132,794	121,739
Other interest	-	18
	<u>341,800</u>	<u>315,122</u>

Other finance costs of £132,794 (2022: £121,739) relate to the change in fair value of the convertible loan note liability during the period. See note 11 for details.

### 6 Intangible fixed assets

	Website £
<b>Cost</b>	
At 1 August 2022	240,499
Additions	182,732
At 31 July 2023	<u>423,231</u>
<b>Amortisation and impairment</b>	
At 1 August 2022	74,855
Amortisation charged for the year	36,381
At 31 July 2023	<u>111,236</u>
<b>Carrying amount</b>	
At 31 July 2023	<u>311,995</u>
At 31 July 2022	<u>165,644</u>

The company is contracted with an external team of developers, who work closely with and under the guidance of the company's Head of Product.

# CAPITALRISE FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

### 7 Tangible fixed assets

	Plant and machinery etc £
<b>Cost</b>	
At 1 August 2022	65,986
Additions	26,588
At 31 July 2023	92,574
<b>Depreciation and impairment</b>	
At 1 August 2022	39,855
Depreciation charged in the year	14,220
At 31 July 2023	54,075
<b>Carrying amount</b>	
At 31 July 2023	38,499
At 31 July 2022	26,131

### 8 Fixed asset investments

	2023 £	2022 £
Shares in group undertakings and participating interests	2,987,570	985,189

#### Fixed asset investments revalued

Subsidiaries were valued by the directors at each reporting date using net asset valuation. Due to the nature of the assets and liabilities within each of these companies, the directors believe this is equivalent to the open market valuation at that date.

If investments were stated on an historical cost basis rather than a fair value basis, the amounts disclosed would have been £58 (2022: £33).

# CAPITALRISE FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

### 8 Fixed asset investments (Continued)

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 August 2022	985,189
Additions	21
Valuation changes	2,002,361
Disposals	(1)
At 31 July 2023	2,987,570
<b>Carrying amount</b>	
At 31 July 2023	2,987,570
At 31 July 2022	985,189

### 9 Debtors

	2023 £	2022 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	2,237,498	2,100,171
Other debtors	487,900	190,953
	<u>2,725,398</u>	<u>2,291,124</u>

### 10 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	247,005	148,325
Amounts owed to group undertakings	1,036,022	276,114
Taxation and social security	57,448	40,525
Other creditors	210,153	129,155
	<u>1,550,628</u>	<u>594,119</u>

Other creditors include an amount of £96,648 (2022: £73,094) for commitment fees collected from potential borrowers.

# CAPITALRISE FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2023

#### 11 Creditors: amounts falling due after more than one year

	2023 £	2022 £
Convertible loans	-	2,807,911

On 21 July 2023 the convertible loan was converted into Ordinary shares at its fair value of £3,149,711, net of £30,750 legal costs.

Up until that date, interest was accrued at 8%. During the year, an interest expense of £209,006 was recognised in the statement of comprehensive income (2022: £193,365).

The liability was remeasured to fair value at the conversion date using a valuation prepared by management which includes an assessment of the expected timing and means of redemption of the loan. A finance cost of £132,794 (2022: £121,739) was recognised as a result of this within interest payable and similar expenses in the statement of comprehensive income.

#### 12 Financial instruments

The group headed by CapitalRise Finance Limited undertakes activities which are principally to generate wealth through financial instruments. The directors have considered the risks relating to financial instruments in CapitalRise Finance Limited as a single entity at the reporting date and consider these to be immaterial.

##### Credit risk

The maximum exposure at the reporting date to credit risk attributable to the company's financial assets is the carrying amount as disclosed in the statement of financial position. The directors carefully monitor credit risk arising from the company's financial assets and have assessed that no impairment provisions are required (2022: £nil). The company does not hold any collateral.

##### Capital management

The directors' objective when managing capital is to protect returns to shareholders by ensuring the company will continue to operate for the foreseeable future and remain a going concern while meeting its externally imposed capital requirements set out by its regulator. There have been no changes to the company's capital management policies or requirements from the previous period.

The company complied with its externally-imposed capital requirements during the current and prior periods. These requirements are met using capital resources comprising share capital and share premium and are monitored regularly by the directors and management.

#### 13 Called up share capital

	2023 Number	2022 Number	2023 £	2022 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of 0.001p each	566,521	461,314	6	5
A Ordinary shares of 0.001p each	34,868	34,868	-	-
B Ordinary shares of 0.001p each	38,500	38,500	1	1
Deferred D2 Ordinary shares of £1.77 each	1	1	2	2
	<u>639,890</u>	<u>534,683</u>	<u>9</u>	<u>8</u>

# CAPITALRISE FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2023

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#### 13 Called up share capital (Continued)

The company's Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company. The Ordinary and A Ordinary shares rank pari passu in all respects.

The company's B Ordinary shares carry the right to one vote at general meetings only.

The company's deferred D2 Ordinary shares have no rights attached to them in respect of voting and receiving dividends, and do not confer any rights of redemption.

On 9 August 2022, 1,382 Ordinary shares were issued with a par value of 0.001p for total consideration of £0.00001.

On 21 July 2023, 35,449 Ordinary shares were issued with a par value of 0.001p for total consideration of £1,743,382.

On 21 July 2023, the convertible loan was converted to equity for a total of 68,376 Ordinary shares with a par value of 0.001p for total consideration of £2,784,582. The fair value of the loan as at 21 July 2023 was £3,149,711. Share premium is stated net of transaction costs of £30,750.

#### 14 Reserves

##### Profit and loss reserves

Cumulative profit and loss net of distributions to owners. Included within the profit and loss reserves is £2,937,517 (2022: £935,156) of cumulative adjustments to the fair value of fixed asset investments which are not distributable.

#### 15 Financial commitments, guarantees and contingent liabilities

CapitalRise Finance Limited is party to an agreement, registered as a charge on Companies House, whereby security is provided in favour of Downing LLP for facilities made or to be made available to CR Development 1 Ltd (a wholly owned subsidiary of CapitalRise Finance Limited) under the Facility Letter agreed between Downing LLP and CapitalRise Finance Limited. CapitalRise Finance Limited has a funding facility for funding loans with Downing LLP. CR Development 1 Ltd is the SPV through which Downing LLP fulfils its loan obligations and the charge awards Downing LLP rights over any funds sitting within that entity.

#### 16 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £	2022 £
Within one year	105,204	105,204
Between one and five years	-	105,204
	<u>105,204</u>	<u>210,408</u>

#### 17 Related party transactions

During the reporting period key management personnel aggregate compensation was £254,198 (2022: £332,434). This includes share-based payment expenses of £115,768 (2022: £195,765).



# **CAPITALRISE FINANCE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023**

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### **18 Parent company**

The directors have concluded that there are no ultimate controlling parties.