Financial Statements Allium Lending Group Limited

Annual Report for the Year Ended 31 December 2020

Registered number: 10028311

Company Information

Directors	Jorrit Matthijs Koop (appointed 26 June 2019) Paul Henry Owen McGarrigle (appointed 26 June 2019) Paul Jonathan Noble (appointed 28 January 2020) Julian Stanley Nutley (appointed 1 July 2019)
Registered number	10028311
Registered office	40 Bernard Street London WC1N 1LE
Independent auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

Contents

Directors' Report

For the Year Ended 31 December 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Throughout the report the term "Allium" and "the Group" refer to the group of companies comprising Allium Lending Group Limited (formerly Hiber Limited and GDFC Group Limited, "Allium Group", "Group") and its wholly owned subsidiaries GDFC Assets Limited ("GDFC Assets"), GDFC Services plc ("GDFC Services"), Allium Money Limited (formerly GDFC Finance Limited) and GDFC Holdco Limited ("GDFC Holdco").

Other companies in the Group provided financing to Green Deal Providers through purchasing the right to receive the payments made under Green Deal Plans and originating non-Green Deal home improvement ("HIL") loans. As of the financial year-end 2020, all funded customer loans had been purchased by Tandem Bank Limited as part of the broader business transaction of the Group with Tandem Money Limited ("Tandem" or "the wider Tandem Group"), ("Strategic Transaction"). For further detail on the Strategic Transaction, please refer to the financial statements of Tandem Money Limited.

Principal activities

Before the Strategic Transaction, the Company served as the holding company of the group, whose principal activity was the financing of Green Deal Plans and HIL loans. The Group was and is still responsible for originating and administering these loans and collecting repayments. For Green Deal Plans, this includes (1) collecting repayments from the billing systems of the major electricity suppliers, who in turn collect these repayments from the energy bill payers of properties with a Green Deal Plan, and (2) administering requirements under the Consumer Credit Act and Energy Act such as the issue of annual statements. For HIL loans, this includes building and managing relationships with origination partners and ensuring the appropriate customer journey is followed and after origination, deployment of direct servicing and collection activities. During 2020, the economic interest of most of the HIL loans originated was either sold to Honeycomb Investment Trust plc or Tandem Bank Limited. The Group continues to administer these loans, earning a servicing fee.

Results and dividends

The loss for the year, after taxation, amounted to £0.5m (2019: loss of £6.2m). The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were:

Paul Jonathan Noble (appointed 28 January 2020)
Jorrit Matthijs Koop (appointed 28 March 2019)
Paul Henry Owen McGarrigle (appointed 28 March 2019)
Julian Stanley Nutley (appointed 28 March 2019)
David Rendell (appointed 25 May 2018, resigned 31 December 2020)
Victoria Wilson Roskill (appointed 25 May 2018, resigned 31 December 2020)
Nimesh Kamath (appointed 26 Feb 2016, resigned 21 August 2020)
James Scott (appointed 13 Jan 2017, resigned 21 August 2020)

The directors at the point of the preparation of the accounts were:

Jorrit Koop (appointed 28 March 2019)
Julian Nutley (appointed 28 March 2019)
Paul Jonathan Noble (appointed 28 January 2020)
Paul Henry Owen McGarrigle (appointed 28 March 2019)

The Directors have the benefit of the indemnity provision contained within the Company's Articles of Association. This provision was in force throughout the year and remains in force. The Company has also purchased Directors' and Officers' liability insurance in respect of itself and its Directors.

Political contributions

No charitable or political donations were made during the year.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 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.

Directors' confirmations
In the case of each director in office at the date the directors' report is approved:

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

Future developments

Post the Strategic Transaction, Allium has become part of the wider Tandem group of companies. At the centre of Tandem's strategic activities undertaken in 2020 was the aim to build a sustainable and profitable bank. The Tandem board of directors understands that to build a long-term, sustainable and profitable business Tandem has to consider the needs of a broad range of stakeholders.

The acquisition of Allium and other strategic transactions undertaken by Tandem accelerated the enlarged 'core' asset strategy and is in keeping with Tandem's purpose and supports the journey to profitability in a safe and sustainable manner. To support this strategic shift Tandem no longer originates unsecured personal lending sourced via agreements with third parties. As a result, the Group has a higher quality lending portfolio with reduced complexity in its operating model.

Tandem will grow its Balance Sheet via a combination of directly originated assets and those sourced from carefully chosen business partners. In doing so the Tandem board of directors will ensure such growth is complementary to both the strategy and Tandem's purpose.

Post balance sheet events

Post 31 December 2020, no significant event took place on the Allium level, however key events did occur on the wider Tandem Group level, for which the Directors refer to Tandem's financial statements.

Following on from the successful fundraising of £57.9m received from a combination of existing and new shareholders across 2020, the wider Tandem Group received approximately £2.5m in June 2021.

Going concern

Post the Strategic Transaction, the going concern assessment of the Allium entities is strongly dependent on that of the wider Tandem Group.

COVID-19 continues to challenge the resilience of organisations across all sectors, thus making going concern assessments more testing and judgemental. Tandem is not isolated from this environment and faces the same issues with implications across future revenue generating activities, credit losses and ability to fundraise, which result in material uncertainty in the group's ability to continue as a going concern. Nevertheless, Tandem has delivered significant progress against its strategy including the successful acquisition and integration of Allium, subsequent purchase of the B&C mortgage portfolio, successful IT re-platforming, growth in 'core' assets and proactive run-off of the Group's 'non-core' unsecured lending portfolios.

These financial statements have been prepared on a going concern basis. This basis is dependent on:

- Tandem maintaining adequate capital to fund its balance sheet and satisfy the wider group's capital requirements. The Directors acknowledge the assessment of this performed by the directors of Tandem and refer to the latter's financial statements;
- Tandem continuing to support the Company's financial needs; and
- the Company's function within the wider group as described under Principal Activities. The Directors consider that the Company is likely to continue to perform this function over the next 12 months and therefore it remains appropriate to continue preparing its financial statements on a going concern basis.

Auditors

The auditors, PricewaterhouseCoopers LLP, will be considered for appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf on 13 July 2021.

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Paul Noble
Director

Independent auditors' report to the members of Allium Lending Group

Report on the audit of the financial statements

Opinion

In our opinion, Allium Lending Group's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2020; the statement of comprehensive income, the statements of cash flows, and the statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The company is loss making and requires further capital injections or support from its ultimate parent company, Tandem Money Limited, within twelve months from the date of signing these financial statements. The company has obtained a letter of support from its ultimate parent company, however the financial statements of Tandem Money Limited includes a material uncertainty relating to going concern because:

- the ultimate parent company may not be able to obtain the required capital injection.

Our evaluation of the directors' assessment of the Tandem Money Limited group's ability to continue to adopt the going concern basis of accounting, and therefore the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained audit evidence over the initial June 2021 capital injection (£2.5m). Management's going concern model included additional substantial capital injections which is planned for later in the year;
- We obtained an understanding of management's going concern assessment and we have evaluated management's methodology used in the model for appropriateness;
- We tested the mathematical accuracy of the model;
- We challenged the appropriateness of management's forecasts by assessing the material assumptions used in management's model;
- We performed a sensitivity analysis on management's model using reasonably plausible down-side alternatives;
- We obtained an understanding of the intentions of the group in relation to the operating activities of the company;

- We used our regulatory specialists to assess the assumptions used in management's capital forecast confirming the appropriateness of the assumptions made when determining risk weighted assets and minimum capital requirements; and
- We assessed the disclosures in the Annual Report relating to going concern, including the material uncertainties, to ensure they are in compliance with the requirements of FRS 102.

These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to rules of the Financial Conduct Authority ("FCA"), rules of the Prudential Regulatory Authority ("PRA") and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential for management to post fraudulent journal entries. Audit procedures performed by the engagement team included:

- reviewing financial statement disclosures by testing to supporting documentation to assess the compliance with provisions of relevant laws and regulations described as having a direct impact on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations;
- reading minutes of meetings of those charged with governance and reviewing regulatory correspondences; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Mike Wallace (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 13 July 2021

Statement of Comprehensive Income

For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Administrative expenses		**(2)**	(26,824)
Fees, commissions and other income (loss)	4	**-**	122,459
Fair value of investments adjustment	6	**-**	1,000,000
Impairment of intragroup debt	7	**(478,000)**	-
Impairment of investment in subsidiary		**-**	(7,357,787)
Operating loss		**(478,002)**	(6,262,152)
Tax on loss		**-**	-
Total comprehensive loss for the year		**(478,002)**	(6,262,152)

The notes on pages 15 to 23 form part of these financial statements.

Statement of Financial Position

As at 31 December 2020

	Note	2020 £	2019 £
Tangible assets		**-**	-
Subsidiary undertakings	6	**2**	2
Investments	6	**1,000,000**	1,000,000
Debtors: amounts falling due after more than 1 year	7	**-**	-
Debtors: amounts falling due within 1 year	7	**344,768**	717,127
Cash at bank and in hand	8	**988**	9,291
Creditors: amounts falling due within 1 year	9	**(95,000)**	-
Net current assets		**250,756**	726,418
Total assets less current liabilities		**1,250,758**	1,726,420
Net assets		**1,250,758**	1,726,420
Share capital	12	**2,707,714**	2,705,014
Share premium	12	**4,428,101**	4,428,461
Warrant	13	**4,751,447**	4,751,447
Profit and loss account		**(10,636,504)**	(10,158,502)
Capital and reserves		**1,250,758**	1,726,420

The notes on pages 15 to 23 form part of these financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within part 15 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 July 2021.

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Paul Noble
Director

Statement of Changes in Equity

For the Year Ended 31 December 2020

	Share capital	Share premium	Other Equity Reserves	Profit & Loss account	Total equity
	£	£	£	£	£
At 1 January 2019	2,101,330	4,427,625	-	(3,896,350)	2,632,605
Share capital issued during the year	603,684	-	4,751,447	-	5,355,131
Capital contribution	-	836	-	-	836
Profit for the year	-	-	-	**(6,262,152)**	**(6,262,152)**
Total comprehensive profit (loss) for the year	**603,684**	**836**	**4,751,447**	**(6,262,152)**	**(906,185)**
At 31 December 2019	**2,705,014**	**4,428,461**	**4,751,447**	**(10,158,502)**	**1,726,420**
At 1 January 2020	2,705,014	4,428,461	4,751,447	(10,158,502)	1,726,420
Share capital issued during the year	2,700	(360)	-	-	2,340
Loss for the year	-	-	-	**(478,002)**	**(478,002)**
Total comprehensive profit for the year	**2,700**	**(360)**	-	**(478,002)**	**(475,662)**
At 31 December 2020	**2,707,714**	**4,428,101**	**4,751,447**	**(10,636,504)**	**1,250,758**

The notes on pages 15 to 23 form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Cashflows from operating activities			
Loss for the financial year		**(478,002)**	(6,262,152)
Adjustments for			
Fair value gain from investment	6	-	1,000,000
Impairment of fixed investment	6	-	7,357,787
Write-off of intangible assets		-	11,749
Increase in debtors	7	**372,359**	(692,012)
Increase in creditors	9	**95,000**	-
Tax		-	(10,602)
Net cashflows (used in)/ generated from operating activities before income tax		**(10,643)**	**1,404,770**
Net cash (used in)/ generated from in operating activities		**(10,643)**	**1,404,770**
Cashflows from investing activities			
Additional Investments	6	-	(6,751,446)
Net cash used in investing activities		-	**(6,751,446)**
Cashflows from financing activities			
Subscription of share capital	12	2,340	604,520
Proceeds from Warrants	13	-	4,751,447
Net cash generated from financing activities		2,340	5,355,967
Net (decrease)/increase in cash and cash equivalents		(8,303)	9,291
Cash and cash equivalents at the beginning of the year		9,291	-
Cash and cash equivalents at the end of the year	8	988	9,291

The notes on pages 15 to 23 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2020

1. General information

Allium Lending Group Limited (the "Group") (registered number 10028311) is incorporated and domiciled in England and Wales, the United Kingdom. The company is a private company limited by shares. The registered office of the Company is 40 Bernard Street, London WC1N 1LE.

Detail about the nature of the operations can be found in the Principal Activities section of the Directors report.

2. Accounting policies

2.1 A) Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in sterling (£).

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

The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

B) Going concern

Post the Strategic Transaction, the going concern assessment of the Allium entities is strongly dependent on that of the wider Tandem Group.

COVID-19 continues to challenge the resilience of organisations across all sectors, thus making going concern assessments more testing and judgemental. Tandem is not isolated from this environment and faces the same issues with implications across future revenue generating activities, credit losses and ability to fundraise, which result in material uncertainty in the group's ability to continue as a going concern. Nevertheless, Tandem has delivered significant progress against its strategy including the successful acquisition and integration of Allium, subsequent purchase of the B&C mortgage portfolio, successful IT re-platforming, growth in 'core' assets and proactive run-off of the Group's 'non-core' unsecured lending portfolios.

These financial statements have been prepared on a going concern basis. This basis is dependent on:

- Tandem maintaining adequate capital to fund its balance sheet and satisfy the wider group's capital requirements. The Directors acknowledge the assessment of this performed by the directors of Tandem and refer to the latter's financial statements;
- Tandem continuing to support the Company's financial needs; and
- the Company's function within the wider group as described under Principal Activities. The Directors consider that the Company is likely to continue to perform this function over the next 12 months and therefore it remains appropriate to continue preparing its financial statements on a going concern basis.

The following principal accounting policies have been applied:

2.2 Consolidated financial statements

The Company is a wholly owned subsidiary of its ultimate parent, Tandem Money Limited. It is included in the consolidated financial statements of Tandem Money Limited which are publicly available. The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Tandem Money Limited. The address of the parent's registered office is 40 Bernard Street, London WC1N 1LE. These financial statements are the Company's separate financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Cash and cash equivalents

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

2.5 Financial Instruments

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial Liabilities – creditors

Basic financial liabilities, including trade and other payables, 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 receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2.6 Investments

Investment in subsidiary company is held at cost less accumulated impairment losses.

Investment in associate is held at cost less accumulated impairment losses.

2.7 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.8 Taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include the valuation of the stake held in Hiber Energy Limited. The fair value of the investment is not quoted in an active market but is determined by using a revenue multiple observed in the industry, discounted to present value.

4. Fees, commissions and other income (loss)

	2020	2019
	£	£
Other income	-	122,459
	-	122,459

Other income included gains on disposal of investments in Hiber of £122,459 in 2019.

5. Auditors' remuneration

The audit fee for the Company of £31,250 (2019:£2,934) was borne by Tandem Money Limited.

6. Investments

i) Subsidiary undertakings

	Company
	£
Cost	
At 1 January 2020	**11,212,958**
At 31 December 2020	**11,212,958**
Impairment	
At 1 January 2020	**(11,212,956)**
At 31 December 2020	**(11,212,956)**
Net book value	
At 31 December 2020	2
At 31 December 2019	2

In January 2017, the Company, backed by a consortium of private investors including Honeycomb Investment Trust plc, Greenstone Management LLP, Adam Knight and Aurium GD LLP acquired the Group by a purchase of GDFC Services plc. The Company financed the acquisition through equity investment and funding through Honeycomb Investment Trust plc. The equity investment represents the consideration paid against the issue of shares capital aggregating to £6.5m.

During 2019, certain debentures due to external parties from GDFC Services plc were exchanged for warrants in the Company (see note 13). In return, GDFC Services plc issued £4.8m in shares to the Company.

The aggregate investments were written down with an impairment equal to difference between cost of the investment and net asset value of the subsidiary undertakings at the end of the financial year 2019 and unchanged at the end of the financial year 2020. The subsidiary undertakings are incorporated in the United Kingdom.

During 2020, all of the Company's shares were acquired by Tandem as part of the Strategic Transaction.

ii) Investments

	Company £
Cost	
At 1 January 2020	**1,000,000**
Addition	-
Movement in fair value	-
Disposal	-
At 31 December 2020	**1,000,000**
Impairment	
At 1 January 2020	-
Charge for the year	-
At 31 December 2020	-
Net book value	
At 31 December 2020	**1,000,000**
At 31 December 2019	**1,000,000**

On 30 May 2018 certain assets were divested from GDFC Services plc in order to set up a technology platform to support micro-installers of boilers. These assets, together with former employees, formed a separate business entity funded by new equity investors but in which the Group retained a 9.3% shareholding. This new entity retained the name 'Hiber' and the Group rebranded to GDFC and later Allium. In that year, the Group ceded certain capitalised development costs to Hiber as investment which were impaired at GDFC Services plc.

On 6 September 2019, the Group sold a part of its shareholding in Hiber to Greenstone Management LLP for £122,459 (see note 4). The sale of this stake was not at fair value, but the remaining stake in Hiber held by the Group is measured at fair value in the 2020 accounts. The total income recognised on these investments in the year was nil (2019: £1,000,000) representing the fair value remeasurements shown above. There has been no change in the fair value of these as per management assessment during the financial year 2020.

The investment in Hiber is classified as Level 3 financial instrument held at fair value. The fair value is determined using techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

7. Debtors: amounts falling due within one year

	2020	2019
	£	£
Due in less than one year		
Other debtors	**344,768**	717,127
	344,768	717,127

Other debtors include amounts owed by group undertakings, which are unsecured, interest free, have no fixed date of repayment and are repayable on demand. As of 31 December 2020, there is £478,000 receivable from GDFC Assets Limited. Management. Management does not deem this amount to be recoverable, therefore the full amount is impaired. The residual debtors mainly consists of balances due from GDFC Services.

8. Cash at bank and in hand

	2020	2019
	£	£
Cash at bank and in hand	**988**	9,291

9. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Due within 1 year		
Other creditors	**(95,000)**	-
	(95,000)	-

In May 2020, the Company availed of a grant offered by the Welsh Government of £95,000. This grant is non-repayable, subject to the Group safeguarding certain employment criteria in its operational center in Cardiff. The Company is planning to derecognise this amount as creditor and as revenue once these criteria will have been met in 2021.

10. Financial instruments

	2020	2019
	£	£
Financial assets that are debt instruments measured at amortised cost	344,766	717,126
Financial liabilities measured at amortised cost	(95,000)	-

Financial assets measured at amortised cost comprise loan receivables, trade debtors, other debtors and tax receivable.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, loan facilities and debentures.

11. Financial risk management

Due to the impact of the Strategic Transaction, the principal risks and uncertainties set out below mainly pertain to the financial year 2019. During that period, these were discussed and evaluated by the management on a regular basis.

Credit Risk

As of year-end 2019 and the period before completion of the Strategic Transaction in 2020, the Company's primary financial asset was the receivable related to the repayment of principal and payments of interest arising under both Green Deal Plans and HIL loans. Allium was at risk to the extent that billpayers and borrowers respectively default on their obligations to make these payments. This risk was mitigated for new HIL loans through the underwriting of the borrower taking out a new loan. For existing Green Deal Plan holders, the Green Deal payment obligation ranks equally with the obligation to pay the associated electricity bill, and any shortfall in payments is pro-rated between the Green Deal Plan obligation and the amount owed for the supply of electricity. Existing HIL borrowers set up their repayments through regular direct debit repayments at origination.

The directors consider the credit risk from the intercompany balances immaterial.

As of year-end 2020, Allium was no longer subject to direct credit risk related to customers.

Conduct & Operational Risk

For both Green Deal loans and HIL loans outstanding as of the financial year ended 2019 and the period before completion of the Strategic Transaction in 2020, operational risk arose primarily from the process of originating loans through intermediaries at the point of sale. Such risks included product failure, mis-selling and poor installation. Under consumer credit legislation, liabilities arising from such risks attach to both the installer and lender jointly, and in the case of Green Deal loans, the Company may have been at risk of a loan being cancelled or reduced through the imposition of sanctions under the Green Deal Framework. These risks were mitigated by all intermediaries being subject to underwriting by the Company to verify financial standing, experience in installation of approved measures and satisfactory experience of selling consumer loan products at point of sale. Intermediaries are required to have appropriate broking or lending approvals from the Financial Conduct Authority and, in the case of Green Deal Providers and Installers, authorisation by the Department for Business, Energy, and Industrial Strategy through the agency of the Green Deal Oversight and Registration Body. Throughout the relationship with Allium, intermediaries have regular contact with relationship managers. The Company's compliance team also advises and visits larger intermediaries to conduct compliance audits.

In addition, the Company has the right to require a Green Deal Provider to re-purchase Green Deal Plans that are subsequently found to have breached the eligibility criteria for loan purchase by Allium. However, there remains a risk to the Company where the GDP ceases to trade prior to such breach being identified. Where appropriate, the Company and its related entities within the Company are still involved in assessing and administering claims concerning historic matters relating to the origination of certain loan agreements and account of any remediation required has been taken in the calculation of the Company's loan impairment provision.

Specific operational risks arose under Green Deal Plans where energy suppliers remit payment under the plan to the Company from borrowers. The Company was at risk of delays occurring at the energy suppliers in collecting Green Deal Plan receivables and passing these to the Company within contractual timescales.

As of year-end 2020, Allium was no longer subject to such direct conduct & operational risk.

Liquidity Risk

Liquidity risk arose until the Strategic Transaction because the Company funded its loan agreements with customers through third party funding facilities. Increases to the funding costs of such facilities would have negatively impacted the profitability of the business. Limited availability of such facilities would have restricted the ability of the Company to grow and trade.

The Company's funders charged interest on the facilities at a variable interest rate. The loans to the consumers are at a fixed rate. Risk arose from the mismatch of fixed interest income and variable interest costs.

As of year-end 2020, Allium was no longer subject to such direct liquidity risk.

Market Risk

The Company has not been subject to substantial market risk either during the financial year 2020 or in earlier years.

12. Share capital

	2020	2019
	£	£
Ordinary B class shares of £1, allotted, called up and fully paid	2,700,000	2,700,000
Ordinary C class shares of £0.01, allotted, called up and fully paid	6,384	3,684
Ordinary D class shares of £0.01, allotted, nil paid	0	0
Shares classified as equity, allotted, called up and paid	**2,706,384**	2,703,684
C-Class Shares, nil paid, nominal value (1p)	1,330	1,330
Shares classified as equity, allotted, nil paid	**1,330**	1,330
Ordinary B class share premium of £4, allotted, called up and fully paid	4,400,000	4,400,000
Ordinary C class shares of £0.01, allotted, called up and fully paid	836	836
C-Class Shares, nil paid, share premium	27,265	27,625
Share Premium	**4,428,101**	4,428,461
Total share capital	**7,135,815**	7,133,475

13. Warrant

The outstanding debentures issued by GDFC Services plc through the Abundance platform were acquired by Allium Lending Group Limited and subsequently converted into warrants in the Company in July 2019.

14. Related party transactions

The directors' emoluments have been borne by GDFC Services Plc.

There were no related party transactions to report during the financial year 2020. A balance of £14,044 was due from Aurium GD LLP, which is included in debtors in note 7.

The Company has taken advantage of the exemption in FRS 102 'The Reporting Standard applicable in the UK and Ireland" Section 33 and has not disclosed transactions with wholly owned group undertakings.

15. Controlling party

The immediate parent is Tandem Money Limited and as of 31 December 2020 ultimate parent undertaking is Tandem Money Limited. The smallest and largest group to consolidate these financial statements was Tandem Money Limited. Copies of Tandem Money Limited consolidated financial statements are publicly available and can be obtained from the registered address of Tandem Money Limited at 40 Bernard Street London WC1N 1LE.

Prior to the Strategic Transaction, the ultimate controlling parties were a consortium of private investors made up of a consortium of private investors made up of Honeycomb Investment Trust PLC (Company number 09899024), Adam Knight and Aurium GD LLP (Company number OC413991). After the Strategic Transaction, a majority shareholding in the Group was acquired by PSC Plane (Guernsey) LP.

16. Subsequent events

Post 31 December 2020, no significant event took place on the Allium level, however key events did occur on the wider Tandem Group level, which are disclosed below.

Following on from the successful fundraising of £57.9m received from a combination of existing and new shareholders across 2020, the wider Tandem Group received approximately £2.5m in June 2021.