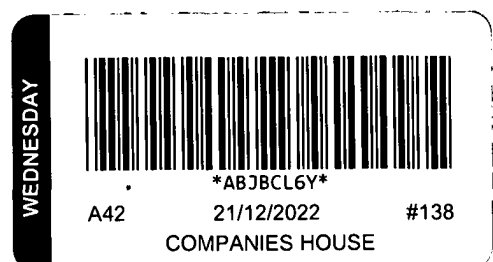


# **LendInvest Finance No.5 Limited**

**Annual report and financial statements for the year ended 31 March 2022**

Registration number: 10213694



# **LendInvest Finance No.5 Limited**

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# **LendInvest Finance No.5 Limited**

## **Company Information**

<b>Directors</b>	Ian Thomas Christian Faes (Resigned 27 July 2021) Roderick Lockhart Michael Evans
<b>Company secretary</b>	Ruth Pearson
<b>Company number</b>	10213694
<b>Registered office</b>	Two Fitzroy Place 8 Mortimer Street London W1T 3JJ
<b>Auditors</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP

# **LendInvest Finance No.5 Limited**

## **Directors' report**

### **For the year ended 31 March 2022**

The directors present their annual report together with the audited financial statements of LendInvest Finance No.5 Limited (the "Company"), for the year ended 31 March 2022. The directors have taken advantage of the small companies' exemption under section 414B of the Companies Act 2006 in not preparing a strategic report.

#### **Principal activity**

The principal activity of the Company was to provide secured lending to third party borrowers. Revenue for the year was £1.5m (2021: £2.5m).

As at 31 March 2022 the Company's Loans and advances had reduced to £nil (2021: £17.8m) as a result of the Group's preference to utilise other Group Companies for lending. This had a commensurate effect on interest bearing liabilities to which lending is directly linked.

The results for the financial year ended 31 March 2022 are set out on pages 8 to 11. The Company paid no dividends during the year (2021: £nil) and the directors do not recommend a final dividend (2021: £nil).

#### **Going concern**

The directors have a reasonable expectation that the Company will have adequate resources to continue to operate for a period of at least 12 months from the signing date of these accounts. The directors believe the Company is in a strong financial position, with its ultimate parent, LendInvest plc having raised £40 million during its listing onto the London Stock Exchange Alternative Investment Market in July 2021, and as the Group is cash generative through its operations. The directors have reviewed the financial plan for the forthcoming year across a range of potential scenarios, including a review of ongoing covenant compliance under expected and potential stressed scenarios. Through reliance on its ultimate parent, the Company will continue to adopt the going concern basis to prepare the financial statements presented in this Report.

#### **Directors**

The directors of the Company who were in office during the year and up to the date of signing of the financial statements, were as follows:

Ian Thomas

Roderick Lockhart

Michael Evans

Christian Faes (Resigned 27 July 2021)

#### **Directors' indemnities**

The Company maintains liability insurance for its directors and officers. The Company has also provided an indemnity for its directors, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006.

# **LendInvest Finance No.5 Limited**

## **Directors' report**

### **For the year ended 31 March 2022 (continued)**

#### **Disclosure of information to auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are 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 directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

BDO LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

#### **Political donations**

No political donations were made during the year (2021: £nil).

#### **Events after the reporting date**

There are no events after the reporting date that require adjustments to, or disclosures in, the financial statements.

Approved by the Board on 21 December 2022 and signed on its behalf by:



Michael Evans  
Director

## **LendInvest Finance No.5 Limited**

### **Directors' responsibilities statement**

#### **For the year ended 31 March 2022**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standards (FRS) 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements.

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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## **LendInvest Finance No.5 Limited**

### **Independent Auditor's Report to Members of LendInvest Finance No.5 Limited For the year ended 31 March 2022**

#### **Opinion on the financial statements**

In our opinion, the financial statements:

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

We have audited the financial statements of LendInvest Finance No.5 Limited ("the Company") for the year ended 31 March 2022 which comprise the Statement of profit and loss, Statement of other comprehensive income, Statement of financial position and Statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

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

#### **Independence**

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

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**LendInvest Finance No.5 Limited**  
**Independent Auditor's Report to Members of LendInvest Finance No.5 Limited (continued)**  
**For the year ended 31 March 2022**

**Other information**

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

We have nothing to report in this regard.

**Other Companies Act 2006 reporting**

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

**Responsibilities of Directors**

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

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



## **LendInvest Finance No.5 Limited**

### **Independent Auditor's Report to Members of LendInvest Finance No.5 Limited (continued) For the year ended 31 March 2022**

#### **Auditor's responsibilities for the audit of the financial statements**

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

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Our responses to significant audit risks (revenue recognition, management override of controls, loan loss provision and valuation) were intended to sufficiently address the risk of fraudulent manipulation. In particular, we have reviewed accounting estimates for any potential management bias to check the methods utilised are appropriate;
- Enquiries of management;
- Review of minutes of board meetings throughout the period;
- Obtaining an understanding of the legal and regulatory framework applicable to the Group's operations; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Ariel Grosberg*

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Ariel Grosberg (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
Date: 21 December 2022

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

**LendInvest Finance No.5 Limited**  
**Statement of profit and loss**  
**For the year ended 31 March 2022**

	Note	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Revenue	4	1,484	2,497
Cost of sales		(1,041)	(1,799)
<b>Gross profit</b>		<b>443</b>	<b>698</b>
Administrative expenses		(443)	(656)
<b>Profit before tax</b>		<b>-</b>	<b>42</b>
Tax charge on profit	7	(9)	(17)
<b>(Loss)/profit for the year</b>		<b>(9)</b>	<b>25</b>

The above results were derived from continuing operations.

The notes on pages 12 to 31 form an integral part of these financial statements.

**LendInvest Finance No.5 Limited**  
**Statement of other comprehensive income**  
**For the year ended 31 March 2022**

		Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Note			
	(Loss)/profit for the year	(9)	25
	Items that will or may be reclassified to profit or loss:		
	Fair value loss on loans and advances measured at fair value through other comprehensive income	(126)	(17)
	Deferred tax credit	7 24	3
		(102)	(14)
	<b>Total comprehensive (loss)/income for the year</b>	<b>(111)</b>	<b>11</b>

The notes on pages 12 to 31 form an integral part of these financial statements.

**LendInvest Finance No.5 Limited**  
**Statement of financial position**  
**As at 31 March 2022**

	Note	2022 £'000	2021 £'000
<b>Assets</b>			
Cash and cash equivalents		-	79
Trade and other receivables	10	444	466
Loans and advances	8	-	17,779
Deferred tax asset	9	51	36
<b>Total assets</b>		<b>495</b>	<b>18,360</b>
<b>Liabilities</b>			
Trade and other payables	11	(275)	-
Interest bearing liabilities	12	-	(18,029)
<b>Total liabilities</b>		<b>(275)</b>	<b>(18,029)</b>
<b>Net assets</b>		<b>220</b>	<b>331</b>
<b>Equity</b>			
Share capital	14	-	-
Fair value reserve		-	102
Retained earnings		220	229
<b>Total equity</b>		<b>220</b>	<b>331</b>

The notes on pages 12 to 31 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 21 December

2022. Signed on behalf of the Board of Directors by:



Michael Evans  
Director

**LendInvest Finance No.5 Limited**  
**Statement of changes in equity**  
**For the year ended 31 March 2022**

	Share capital £'000	Fair value reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2020	-	116	204	320
Profit for the year	-	-	25	25
Other comprehensive loss	-	(14)	-	(14)
Total comprehensive (loss)/income	-	(14)	25	11
Balance at 31 March 2021	-	102	229	331

	Share capital £'000	Fair Value reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 March 2021	-	102	229	331
Loss for the year	-	-	(9)	(9)
Other comprehensive loss	-	(102)	-	(102)
Total comprehensive loss	-	(102)	(9)	(111)
Balance at 31 March 2022	-	-	220	220

The notes on pages 12 to 31 form an integral part of these financial statements.

# **LendInvest Finance No.5 Limited**

## **Notes to the financial statements**

### **For the year ended 31 March 2022**

#### **1. Accounting policies**

##### **General information**

LendInvest Finance No.5 Limited (the "Company") is a private company limited by share capital which was incorporated on 3 June 2016 in England and Wales and domiciled in the United Kingdom under the Companies Act 2006. The address of its registered office is given on page 1.

The principal activity of the Company was to provide secured lending to third party borrowers. Revenue for the year was £1.5m (2021: £2.5m).

##### **Basis of accounting**

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise the judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements that are disclosed in note 3.

The Company is a wholly owned subsidiary of LendInvest plc and is included in its consolidated financial statements which are publicly available, this is disclosed in note 15.

##### **Changes in accounting standards and policies**

There are no changes to accounting standards and policies to disclose or that would impact the Company.

##### **Foreign currencies**

Items included in the financial statements are measured using the currency of the primary economic environment in which they operate (their "functional currency") and are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss. These financial statements are presented in pounds sterling, which is the Company's functional currency.

##### **Going concern**

The directors have a reasonable expectation that the Company will have adequate resources to continue to operate for a period of at least 12 months from the signing date of these accounts. The directors believe the Company is in a strong financial position, with its ultimate parent, LendInvest plc having raised £40 million during its listing onto the London Stock Exchange Alternative Investment Market in July 2021, and as the Group is cash generative through its operations. The directors have reviewed the financial plan for the forthcoming year across a range of potential scenarios, including a review of ongoing covenant compliance under expected and potential stressed scenarios. Through reliance on its ultimate parent, the Company will continue to adopt the going concern basis to prepare the financial statements presented in this Report.

# **LendInvest Finance No.5 Limited**

## **Notes to the financial statements (continued)**

### **For the year ended 31 March 2022**

#### **1. Accounting policies (continued)**

##### **Summary of disclosure exemptions**

In preparing these financial statements, the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- the requirements of IFRS 15, Revenue from Contract with Customers;
- a statement of cash flows and related notes;
- non-current assets held for sale and discontinued operation net cash flow disclosure;
- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered in to between two or more members of the Company as they are wholly owned within the Company;
- presentation of comparative reconciliations for property, plant and equipment, intangible assets, investment properties and agriculture;
- disclosure of key management personnel compensation;
- presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period;
- the effect of future accounting standards not adopted; and
- fair value measurement disclosures (other than disclosures required as a result of recording financial instruments at fair value).

Where relevant, equivalent disclosures have been given in the group financial statements of LendInvest PLC. The Group's financial statements of LendInvest plc are available to the public and can be obtained as set out in note 15.

The principal accounting policies adopted are set out below.

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

Cash comprises cash on hand and demand deposits which is presented as cash and cash equivalents in the statement of financial position.

##### **Equity and reserves**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

##### **Revenue recognition**

Revenue represents interest and other income from borrowers and for the provision of finance. Revenue recognised on loans held by related and third parties is recognised as follows:

###### *Recognised under IFRS 9:*

- Interest on loans and advances made by the Company are recognised in the statement of profit and loss using the effective interest rate method.
- Under the effective interest rate method fees earned from borrowers and transaction costs incurred which are integral to the creation of a loan such as arrangement, valuation and broker fees are amortised over the expected life of the loan or recognised immediately upon a transfer resulting in derecognition of the loan. Origination fees, representing valuation and broker fees, are considered as incremental costs that would not have been incurred if the loan had not been originated.

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Company's activities.

# **LendInvest Finance No.5 Limited**

## **Notes to the financial statements (continued)**

### **For the year ended 31 March 2022**

#### **1. Accounting policies (continued)**

##### **Revenue recognition (continued)**

All revenue recorded in the financial statements is generated in the UK and sourced from transactions relating to property loans. Fees on these transactions are calculated based on the above revenue recognition policy.

The Company considers its provisioning policy in accordance with IFRS 9 – Financial instruments.

##### **Cost of sales**

Cost of sales represents interest expense on interest bearing liabilities which are accounted for under IFRS 9 on an effective interest rate (EIR) basis, inclusive of directly attributable incremental transaction costs and fees including structuring fees, uncommitted fees, and set up costs (legal fees).

##### **Administrative expenses**

Administrative expenses are recognised in the statement of profit and loss in the period in which they are incurred (on an accruals basis).

##### **Current and deferred tax**

The tax expense for the period comprises current tax. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the year end date.

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 balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affect neither accounting nor taxable profit and loss. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted at the year-end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax balances are not discounted. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

##### **Financial instruments**

The Company adopted IFRS 9 from 1 April 2018 in relation to the treatment of financial instruments.

###### **(i) Recognition**

Financial instruments are recognised on the balance sheet when the Company attains the right/obligation to receive/deliver cash flows from the instrument and when the risks and rights associated with ownership are transferred to the Company.

###### **(ii) Classification and measurement**

In accordance with IFRS 9, the Company has classified its financial assets with reference to both the Company's business model for managing the assets and the contractual cash flow characteristics of the assets. The Company's financial assets have been classified into the following categories:



# **LendInvest Finance No.5 Limited**

## **Notes to the financial statements (continued)**

### **For the year ended 31 March 2022**

#### **1. Accounting policies (continued)**

##### **Financial instruments (continued)**

##### **(ii) Classification and measurement (continued)**

At amortised cost, these are assets for which the business model is to hold the asset and collect the contractual cash flows, and those cash flows are solely payments of principal and interest. This means that cash flows typically occur on pre-determined dates and that interest primarily reflects the time value of money, compensation for credit risk and profit margin.

The Company has classified the following assets as 'at amortised cost': cash in hand and balances, and trade and other receivables. Assets held at amortised cost are initially recorded at fair value (usually transaction price) plus any directly attributable costs. They are subsequently measured using the effective interest rate method.

At fair value through other comprehensive income (FVOCI), these are categories of assets for which the business model is to hold the asset and collect the contractual cash flows or to sell the assets. The contractual cash flows must be solely payments of principal and interest. The Company holds loans and advances that are considered to meet the definition of the hold or sell business model. They are therefore classified as 'at FVOCI'. These assets are initially recognised at fair value plus any attributable costs. Subsequent changes in fair value are recognised in equity, except for impairment provisions which are recognised in the statement of profit and loss.

All Financial liabilities are classified as 'at amortised cost'. Financial liabilities are initially recorded at their fair value, and those to be measured at amortised cost are subsequently measured using the effective interest rate method.

##### **(iii) Derecognition of financial assets and liabilities**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has substantially transferred all risks and rewards of ownership. If substantially all risks and rewards have been neither retained nor transferred and the entity has retained control of the asset, the assets continue to be recognised to the extent of the Company's continuing involvement. Financial liabilities are derecognised when they are extinguished.

##### **Trade receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the fair value, which is the transaction price plus attributable costs. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

##### **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the fair value, which is the transaction price and plus attributable costs, and subsequently measured at amortised cost using the effective interest method.

# **LendInvest Finance No.5 Limited**

## **Notes to the financial statements (continued)**

### **For the year ended 31 March 2022**

#### **1. Accounting policies (continued)**

##### **Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### **Loans and advances**

Loans and advances are initially recognised at fair value, plus any attributable costs. Subsequent changes in fair value are recognised in equity, except for impairment losses which are recognised in the Statement of Profit and Loss.

Loans and advances are written off (either partially or in full) when the prospect of recovery is limited or uncertain. This is generally the case when the primary security has been realised and the Company is unable to reach an agreement with the borrower for immediate or short term repayment of the amounts subject to the write-off. Write-offs constitute a derecognition event as detailed in note 1(iii). Financial assets that are written off can still be subject to enforcement activities in order to recover amounts due. Amounts subsequently recovered on assets previously written off are recognised in impairment losses on financial assets in the statement of profit and loss.

##### **Intermediary fees**

Intermediary fees are charged by the ultimate parent, LendInvest plc, according to the level of support provided across loan servicing, administrative and other support services.

##### **Dividends**

Dividends are recognised when they become legally payable. In the case of interim dividends to ordinary shareholders, this is when paid by the Company. In the case of final dividends to ordinary and preferred share shareholders, this is when declared by directors and approved by the shareholders at the relevant board meeting.

#### **2. Financial risk management**

The Board has the overall responsibility for the establishment and oversight of the Company's risk management framework. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and ensure any limits are adhered to. The Company's activities are reviewed regularly and potential risks are considered. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the business's competitiveness and flexibility.

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk:

##### **Credit risk management**

Credit risk is the risk that the Company's loans and advances are subject to borrower default. It arises principally from the Company's receivables from customers and cash and cash equivalents held at banks. The Company's maximum exposure to credit risk by class of financial asset is as follows:

**LendInvest Finance No.5 Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2022**

**2. Financial risk management (continued)**

	31 March 2022 £'000	31 March 2021 £'000
Gross loans and advances	-	17,779
Cash and cash equivalents	-	79
	<hr/>	<hr/>
	-	17,858
	<hr/>	<hr/>

Credit risk management lies at the core of the business and the Company has continued to develop its strong credit risk management framework which includes:

- A clearly defined credit risk policy.
- The continued recruitment of specialist skills in credit underwriting.
- A Credit Committee which meets monthly.
- An Impairment & Modelling Committee - specifically formed for the governance of IFRS 9 - which meets quarterly.

The fair value of cash and cash equivalents at 31 March 2022 approximates the carrying value. Credit risk relating to cash and cash equivalents is mitigated as cash and cash equivalents are held with reputable institutions.

The risk of movements in the price of the underlying collateral secured by the Company against loans to borrowers is actively managed by the Company. Security over the property is registered with the Land Registry, and only properties within England, Scotland and Wales are suitable for security.

*Liquidity risk management*

There is a risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's position. The Company's liquidity position is monitored and reviewed on an ongoing basis by the directors and management.

**LendInvest Finance No.5 Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2022**

**2. Financial risk management (continued)**

The table below analyses the Company's contractual undiscounted cash flows of its financial assets and liabilities:

	Carrying amount £'000	Gross nominal inflow/(outflow) £'000	Amount due within one year £'000	Amount due post one year £'000
<b>As at 31 March 2022</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	444	444	444	-
Loans and advances	-	-	-	-
<b>Total</b>	<b>444</b>	<b>444</b>	<b>444</b>	<b>-</b>
<b>Financial liabilities</b>				
Trade and other payables	(275)	(275)	-	(275)
Interest bearing liabilities	-	-	-	-
<b>Total</b>	<b>(275)</b>	<b>(275)</b>	<b>-</b>	<b>(275)</b>
	Carrying amount £'000	Gross nominal inflow/(outflow) £'000	Amount due within one year £'000	Amount due post one year £'000
<b>As at 31 March 2021</b>				
<b>Financial assets</b>				
Cash and cash equivalents	79	79	79	-
Trade and other receivables	502	502	502	-
Loans and advances	17,779	18,742	13,991	4,751
<b>Total</b>	<b>18,360</b>	<b>19,323</b>	<b>14,572</b>	<b>4,751</b>
<b>Financial liabilities</b>				
Trade and other payables	-	-	-	-
Interest bearing liabilities	(18,029)	(21,161)	(1,406)	(19,755)
<b>Total</b>	<b>(18,029)</b>	<b>(21,161)</b>	<b>(1,406)</b>	<b>(19,755)</b>

All gross nominal inflows and outflows on financial assets and financial liabilities are due within 5 years at the reporting date.

# **LendInvest Finance No.5 Limited**

## **Notes to the financial statements (continued)**

### **For the year ended 31 March 2022**

#### **2. Financial risk management (continued)**

##### *Capital management*

The Company considers its capital to be comprised of its equity share capital plus retained profits.

The Company's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to bondholders and shareholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

#### **3. Critical judgements in applying the Company's accounting policies**

The preparation of financial statements in accordance with FRS 101 requires the use of estimates. It also requires management to exercise judgement in applying the accounting policies. In the view of the directors, there are no significant judgements or estimates other than the accounting policies of the business.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

##### *Loan provisioning*

The Company provides for the expected credit losses in accordance with IFRS 9.

The accounting estimates with the most significant impact on the calculation of impairment loss provisions under IFRS 9 are macroeconomic variables, in particular UK house price inflation and unemployment, and the probability weightings of the macroeconomic scenarios used. The Company has used three macroeconomic scenarios, which are considered to represent a range of possible outcomes over a normal economic cycle, in determining impairment loss provisions:

- a central scenario aligned to the Company's business plan;
- a downside scenario as modelled in the Company's risk management process; and
- an upside scenario representing the impact of modest improvements to assumptions used in the central scenario.

The central scenario represents management's current view of the most likely economic outturn. However, significant uncertainty around the level and trajectory of UK inflation and the subsequent impacts on the wider economy has led management to increase the downside weighting since the prior year ended 31 March 2021. The following weightings of the different scenarios were used across short term ECL models for the period ended 31 March 2022:

- 45%/50%/5% to the central, downside and upside scenarios.

The former weightings used at 31 March 2021 were:

- 40%/50%/10% to the central, downside and upside scenarios.

**LendInvest Finance No.5 Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2022**

**3. Critical judgements in applying the Company's accounting policies (continued)**

*Fair value measurement*

A number of assets and liabilities included in the Company's financial statements require disclosure of fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy').

Level 1: Quoted prices in active markets for identical items.

Level 2: Observable direct or indirect inputs other than Level 1 inputs.

Level 3: Unobservable inputs (i.e. not derived from market data and require a level of estimates and judgements within the model).

Level 3 instruments include loans and advances. The valuation of the asset is not based on observable market data (unobservable inputs). Valuation techniques include net present value and discounted cash flow methods. The assumptions used in such models include benchmark interest rates and borrower risk profile. The objective of the valuation technique is to determine a fair value that reflects the price of the financial instrument that would have been used by two counterparties in an arm's length transaction.

**LendInvest Finance No.5 Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2022**

**4. Revenue**

The analysis of the Company's revenue for the year from continuing operations is as follows:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Interest income	1,484	2,497
	<u>1,484</u>	<u>2,497</u>

Revenue has been derived from the principal activities wholly undertaken in the United Kingdom.

**5. Auditor's remuneration**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Audit of financial statements	5	5

Fees payable to the Company's auditors for audit services of £5,000 in the current year are borne by LendInvest plc and disclosed in note 8 of the consolidated financial statements of the Group.

**6. Directors' remuneration**

The directors of the Company are remunerated by LendInvest plc as detailed in note 10 of the financial statements of the LendInvest plc Group.

**7. Tax on profit**

The charge for the year in the statement of profit and loss and other comprehensive income:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>Current taxation</b>		
UK corporation tax	9	17
Adjustments in respect of prior periods	-	-
<b>Total current income tax charge</b>	<u>9</u>	<u>17</u>

**LendInvest Finance No.5 Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2022**

**7. Tax on profit (continued)**

	2022 £'000	2021 £'000
Deferred taxation		
Arising from origination and reversal of temporary differences	-	-
Total deferred taxation	-	-
<b>Tax charge in the statement of profit and loss</b>	<b>9</b>	<b>17</b>

	2022 £'000	2021 £'000
Deferred taxation		
Deferred Tax (credit) through OCI	(24)	(3)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are reconciled below:

	2022 £'000	2021 £'000
Profit before tax	-	42
Corporation tax at standard UK corporation tax rate	-	7
Adjustments in respect of prior years	-	-
Effects of group relief	9	10
<b>Tax expense for the year</b>	<b>9</b>	<b>17</b>

**Factors that may affect future tax charges**

The reduction to the UK corporation tax rate from 19% to 17% (originally to be effective 1 April 2020) has now been reversed and the reversal was substantively enacted on 17 March 2020. In March 2021, it was announced in Budget 2021 that the main rate of UK corporation tax will rise to 25% from 1 April 2023. The legislation was substantively enacted in May 2021. Given the relatively low value of deferred tax assets and liabilities held on the Company balance sheet at 31 March 2022, an analysis of the effects of the rate change has not been included in these financial statements.



**LendInvest Finance No.5 Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2022**

**8. Loans and advances**

	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Gross loans and advances	-	18,038
ECL provision	-	(385)
Fair value uplift	-	126
Loans and advances	-	17,779

<i>ECL provision</i>	2022	2021
<i>Movement in the period</i>	£'000	£'000
Under IFRS 9 at the beginning of the period	(385)	(495)
Release of provision during the period <sup>1</sup>	469	148
Adjustment for net interest on stage 3 loans	(84)	(38)
Under IFRS at the end of the period	-	(385)

<sup>1</sup>The ECL provision of £nil (2021: £0.4m) is stated including the expected credit losses incurred on the interest income recognised on stage 3 loans and advances. The net ECL impact on the statement of profit and loss is credit £0.5m (2021: £0.2m). This includes the £0.5m release (2021: £0.1m) of impairment provisions shown in the statement of profit and loss and the total impact of expected credit losses on income recognised on stage 3 loans and advances using the effective interest rate of £0.1m (2021: £nil).

Loans that are written off can still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. The contractual amount outstanding on loans and advances that have previously been written off and are still subject to enforcement activity is £1.4m (2021: £0.1m).

**Analysis of loans and advances by stage**

As at 31 March 2022	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Gross loans and advances	-	-	-	-
ECL	-	-	-	-
Fair value adjustment	-	-	-	-
Loans and advances	-	-	-	-

**LendInvest Finance No.5 Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2022**  
**8. Loans and advances (continued)**

As at 31 March 2021	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Gross loans and advances	11,473	3,978	2,587	18,038
ECL	(99)	(82)	(204)	(385)
Fair value adjustment	88	38	-	126
<b>Loans and advances</b>	<b>11,462</b>	<b>3,934</b>	<b>2,383</b>	<b>17,779</b>

The maximum LTV on stage 1 loans is 82%. The maximum LTV on stage 2 loans is 102%. The maximum LTV on stage 3 loans is 132%. The total value of collateral held on stage 3 loans is £1.96m. The balance of loans and advances held at stage 3 at year end has reduced post year end due to loan repayments against these balances.

***Movement analysis of loans by stage***

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
<b>As at 1 April 2021</b>	<b>11,462</b>	<b>3,934</b>	<b>2,383</b>	<b>17,779</b>
Transfer to stage 1	550	(550)	-	-
Transfer to stage 2	(3,299)	3,299	-	-
Transfer to stage 3	-	-	-	-
New financial assets originated	-	-	-	-
New financial assets originated and transferred to stage 2 & stage 3	-	-	-	-
Financial assets which have repaid	(6,300)	(3,376)	-	(9,676)
Balance movements in loans	(2,413)	(3,307)	(2,383)	(8,103)
<b>Total movement in loans &amp; advances</b>	<b>(11,462)</b>	<b>(3,934)</b>	<b>(2,383)</b>	<b>(17,779)</b>
<b>As at 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**LendInvest Finance No.5 Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2022**

**8. Loans and advances (continued)**

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
As at 1 April 2020	4,839	6,686	5,765	17,290
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(2,784)	6,721	(3,937)	-
Transfer to stage 3	-	-	-	-
New financial assets originated	8,223	-	-	8,223
New financial assets originated and transferred to stage 2 & stage 3	(1,168)	1,168	-	-
Financial assets which have repaid	(779)	(1,158)	-	(1,937)
Balance movements in loans	3,131	(9,483)	555	(5,797)
<b>Total movement in loans &amp; advances</b>	<b>6,623</b>	<b>(2,752)</b>	<b>(3,382)</b>	<b>489</b>
As at 31 March 2021	11,462	3,934	2,383	17,779

**Movement analysis of ECL by stage**

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
As at 1 April 2021	99	82	204	385
Transfer to stage 1	1	(1)	-	-
Transfer to stage 2	(33)	33	-	-
Transfer to stage 3	-	-	-	-
New financial assets originated	-	-	-	-
New financial assets originated and transferred to stage 2 & stage 3	-	-	-	-
Financial assets which have repaid	(59)	(81)	-	(140)
Changes in models / risk parameters	(8)	(33)	(289)	(330)
Adjustments for interest on impaired loans	-	-	85	85
Write-offs	-	-	-	-
<b>Total movement in loans &amp; advances</b>	<b>(99)</b>	<b>(82)</b>	<b>(204)</b>	<b>(385)</b>
As at 31 March 2022	-	-	-	-

**LendInvest Finance No.5 Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2022**

**8. Loans and advances (continued)**

*Movement analysis of ECL by stage*

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
<b>As at 1 April 2020</b>	<b>33</b>	<b>217</b>	<b>245</b>	<b>495</b>
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(12)	12	-	-
Transfer to stage 3	-	-	-	-
New financial assets originated FY21	65	-	-	65
New financial assets originated and transferred to stage 2 & stage 3	(15)	15	-	-
Financial assets which have repaid	(2)	(6)	-	(8)
Changes in models / risk parameters	30	(156)	(179)	(305)
Adjustments for interest on impaired loans	-	-	38	38
Write-offs	-	-	100	100
<b>Total movement in impairment provision</b>	<b>66</b>	<b>(135)</b>	<b>(41)</b>	<b>(110)</b>
<b>As at 31 March 2021</b>	<b>99</b>	<b>82</b>	<b>204</b>	<b>385</b>

**Credit risk on gross loans and advances**

At 31 March 2021, the risk grades ranged from 1 to 18. During the year, the underlying methodology has been changed to better align loss forecasting with portfolio risk. A 10 point risk grading has been implemented that is derived from the behavioural score of the borrower.

Risk grades detailed in the table range from 1 to 10 with a risk grade of 1 being assigned to cases with the lowest credit risk and 10 representing cases in default. Equifax Risk Navigator ('RN') scores are used to assign the initial Risk Grade score with additional Significant Increase in Credit Risk ('SICR') rules used to generate the final Risk Grade.

<b>As at 31 March 2022</b>	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Risk Grades 1 - 5	-	-	-	-
Risk Grades 6 - 9	-	-	-	-
Default – Risk Grade 10	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**LendInvest Finance No.5 Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2022**

**8. Loans and advances (continued)**

As at 31 March 2021	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Risk Grades 1 - 5	8,864	1,928	-	10,792
Risk Grades 6 - 9	2,609	2,050	-	4,659
Default	-	-	2,587	2,587
<b>Total</b>	<b>11,473</b>	<b>3,978</b>	<b>2,587</b>	<b>18,038</b>

As at 31 March 2021	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Risk Grades 1 - 5	4,109	1,169	-	5,278
Risk Grades 6 - 10	7,364	779	-	8,143
Risk Grades 11 - 15	-	2,030	-	2,030
Risk Grades 16 - 17	-	-	-	-
Default	-	-	2,587	2,587
<b>Total</b>	<b>11,473</b>	<b>3,978</b>	<b>2,587</b>	<b>18,038</b>

**9. Deferred tax**

	2022 £'000	2021 £'000
Opening balance	36	50
Deferred tax charge to Income statement	(9)	(17)
Deferred tax charge in OCI	24	3
<b>Total</b>	<b>51</b>	<b>36</b>

**10. Trade and other receivables**

	2022 £'000	2021 £'000
Amount owed by group undertakings	444	466
	<b>444</b>	<b>466</b>

**LendInvest Finance No.5 Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2022**

**11. Trade and other payables**

	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Amounts due to group undertakings	275	-
	<u>275</u>	<u>-</u>

Amounts due to related parties are unsecured, interest free and payable on demand.

**12. Interest bearing liabilities**

	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Interest bearing liabilities due after one year but less than five years	-	18,046
Funding line costs	-	(17)
	<u>-</u>	<u>18,029</u>

Net debt represents interest bearing liabilities (as above), less cash and cash equivalents, and excluding unamortised debt issue costs but including accrued interest relating to the Company's third-party indebtedness. A reconciliation of net debt is:

	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Interest bearing liabilities	-	18,029
Deduct: cash as reported in financial statements	-	(79)
<b>Net debt: borrowings less cash</b>	<u>-</u>	<u>17,950</u>
Add back: unamortised funding line costs	-	17
Add: accrued interest expense	-	-
<b>Net debt</b>	<u>-</u>	<u>17,967</u>

**LendInvest Finance No.5 Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2022**

**13. Financial instruments**

The principal financial instruments used by the Company, from which financial instrument risk arises are: loans and advances, cash and cash equivalents, interest bearing liabilities, trade and other receivables and trade and other payables.

**(a) Carrying amount of financial instruments**

A summary of the financial instruments held is provided below:

	As at 31 March 2022 £'000	As at 31 March 2021 £'000
<b>Financial assets not at fair value through the profit and loss</b>		
Cash and cash equivalents	-	79
Trade and other receivables	444	466
Deferred tax asset	51	36
Loans and advances	-	17,779
<b>Total financial assets</b>	<b>495</b>	<b>18,360</b>
<b>Financial liabilities not at fair value through the profit and loss</b>		
Trade and other payables	275	-
Interest bearing liabilities	-	18,029
<b>Total financial liabilities</b>	<b>275</b>	<b>18,029</b>

**LendInvest Finance No.5 Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2022**

**13. Financial instruments (continued)**

**(b) Carrying amount versus fair value**

The following table compares the carrying amounts of the Company's financial assets and financial liabilities as at 31 March 2022:

	As at 31 March 2022 £'000	As at 31 March 2022 £'000
	Carrying amount	Fair value
<b>Financial assets</b>		
Cash and cash equivalents	-	-
Trade and other receivables	444	444
Loans and advances	-	-
<b>Total financial assets</b>	<b>444</b>	<b>444</b>
<b>Financial liabilities</b>		
Trade and other payables	275	275
Interest bearing liabilities	-	-
<b>Total financial liabilities</b>	<b>275</b>	<b>275</b>

**14. Share capital**

	2022 No.	2022 £'000	2021 No.	2021 £'000
Issued ordinary shares of £1 each	1	-	1	-

The Company has one class of ordinary shares which carry no right to fixed income.

**Capital management**

The Company considers its capital to comprise of its equity share capital plus its accumulated retained profits.

The Company's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.



**LendInvest Finance No.5 Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 March 2022**

**14. Share capital (continued)**

The Company's other reserves are as follows:

*Retained earnings:*

The retained earnings reserves represents cumulative profits or losses, net of dividends and other adjustments.

*Fair value reserve:*

The fair value represents movements on the fair value of financial assets classified as FVOCI.

**15. Controlling party**

The Company is a wholly owned subsidiary of LendInvest Loan Holdings Limited a company incorporated in the United Kingdom and registered in England and Wales. The directors regard LendInvest plc as the ultimate controlling party.

The smallest and largest group in which this Company is consolidated for the year ended 31 March 2022 is the consolidated financial statements of LendInvest plc. These accounts are available at 2 Fitzroy Place, 8 Mortimer Street, London, England, W1T 3JJ.

**16. Events after reporting date**

There are no events after the reporting date that require adjustments to or disclosures in the financial statements.