Company Number 11266885

TC Funding I Limited

Annual reports and unaudited financial statements

For year ended 30 June 2023

TC Funding I Limited

Contents of the annual reports and unaudited financial statements for the year ended 30 June 2023

TC Funding I Limited

Company information for the year ended 30 June 2023

Directors

Joint Corporate Services Limited
Nita Savjani
Ravinder Singh Anand (as alternate for Rajeev Raichura and thereafter for Daniel Hartley)
Rajeev Ramniklal Raichura (resigned on 8 December 2023)
Daniel Richard Hartley (appointed on 7 December 2023)

Registered office

C/O TMF Group, 13th Floor, One Angel Court,
London
EC2R 7HJ

Company secretary

TMF Corporate Administration Services Limited
C/O TMF Group, 13th Floor, One Angel Court,
London
EC2R 7HJ

Company number

11266885
(England and Wales)

Strategic report for the year ended 30 June 2023

The directors present the strategic report of TC Funding I Limited (the "Company") for the year ended 30 June 2023.

The comparative period is for an eighteen-month period.

Incorporation, principal activities, business review and future developments

The Company, a private limited company, was incorporated as a special purpose company and registered in England and Wales on 21 March 2018 under the Companies Act 2006.

The main purpose is to assist with a securitisation transaction, which provides funding to Small and Medium Enterprises (SME). The Company has directly funded a portfolio of SME loans originated in the United Kingdom by Business Loan Capital Limited (the "Loans"). The Loans will be funded through the issuance of Senior and Subordinate Notes (together the "Notes") pursuant to the Trust Deed, Subordinated Note Purchase Agreement and Senior Note Purchase Agreement dated 13 September 2018. The interest payments on the Notes and other expenses of the Company are funded from the interest received on the Loans.

On 26 June 2020, the Company purchased notes from TC Funding Limited (then called TC CBILS Funding Limited) pursuant to a note purchase agreement dated 17 June 2020 as amended and restated from time to time. These notes allow for the Company's participation in the British Business Bank Coronavirus Business Interruption Loan Scheme ("BBB CBILS") and the Recovery Loan Scheme ("RLS") in response to the COVID-19 pandemic. In the same way as the direct participation loans, these notes are funded by drawdowns and interest/principal repayments from the existing loan portfolio.

Results

The Company made a profit before tax and other comprehensive profit for the year of £ 1,549,755 (2022 restated: loss £4,453,740).

Key performance indicators, principal risks and uncertainties

The main performance indicator is the extent to which the Company can service payments of interest and principal on the Notes from receipt of funds from the Borrowers, which in turn are subjected to the performance of the underlying Loans. The principal risks and uncertainties faced by the Company are reviewed below under Financial risk management.

Financial risk management

The Company has established a Risk and Financial Framework where its primary role is to protect the Company from events that hinder the achievements of the Company's performance. The Company is a securitisation company which has been structured to mitigate, as far as possible, significant financial risk. Further details regarding financial risk factors and exposure of the Company to credit risk, liquidity risk, market risk and interest rate risk is described below.

Credit risk

Credit risk reflects the risk that the underlying borrowers or other transaction parties may not meet their obligations as they fall due.

The Company mitigates credit risk by matching the principal amount and interest due from its investment in the Loans with the Notes it has issued to investors. Any change in the value of the underlying investments moves inversely to the value of the Notes issued by the Company. That is, the interest receivable on the Loans has a similar profile to the interest payment obligation on the Notes, and given the limited recourse nature of the Notes, the Company's credit risk is mitigated.

The Loans may become impaired in case of a significant deterioration in the performance of the underlying SME loans as a result of future economic conditions in the UK. This deterioration may result in higher levels of delinquencies at the end of the financing contracts when their market price would be less than currently forecasted and observed. The credit quality of the loans is set out in note 13.

Liquidity risk

Liquidity risk reflects the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial instruments, should the actual cash flows from its assets differ from those expected.

The Company's assets (primarily the Loans) are financed by the Notes. The financing policy substantially reduces the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of the assets being funded.

Market risk

Market risk is defined as the potential loss in value or earnings of an organisation arising from changes in external market factors. The Company is exposed to market risk in the form of interest rate risk.

Interest rate risk

Interest rate risk exists where either assets and liabilities have interest rates set under a different basis or the same interest rates may reset at different times. The Company's exposure to interest rate risk is limited as the interest rate characteristics of its assets and liabilities are similar.

Capital management

The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The Company has not breached this minimum requirement.

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

Nita Savjani
Director

Directors' report for the year ended 30 June 2023

The directors present their report together with the unaudited financial statements of the Company for the year ended 30 June 2023.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future, versus the likelihood of either intending to or being forced to either cease trading or to place the Company into liquidation.

The ability of the Company to meet its obligations on the Notes and to meet its operating and administrative expenses is dependent principally on the performance of the Loans. The Notes are a limited recourse obligation of the Company, secured over the Loans, and the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the Loans under the terms of the priority of payments as set out in the terms and conditions of the Notes. The Company is obliged to redeem the Notes at their principal amount outstanding upon its scheduled maturity on 21 January 2026 or extended maturity in January 2027.

The obligations of the Company to pay amounts due on the Notes are limited to the application of receipts from the Loans under the terms of the priority of payments as set out in the terms and conditions of the Notes. If on full realisation of the Loans, insufficient funds exist to settle the liabilities owed to the noteholders, there will be no further recourse to the Company (even in the event of default).

It is the intention of the directors for the Company to continue operations until such a time as the amounts due from the Loan have been fully realised. Ultimately, due to the limited recourse nature of the Notes, any shortfall in the proceeds of the Loans will be a risk to the noteholders.

In spite of the current uncertainty in the economic environment, after making enquiries of Thincats Group Limited, regarding the quality of assets and the limited recourse nature of the Company's borrowings, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Future developments

Information on future developments is included in the Principal activities, business review and future developments section of the Strategic report.

In addition, the Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the financial statements. The directors do not anticipate any changes to the present level of activity or the nature of the Company's business in the near future. A decline in the performance of the Borrower will in turn impact the Company's ability to repay the outstanding Senior and Junior Loans. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. The directors have a reasonable expectation that the Company has adequate resources based on sufficient funds available in the Company to continue in operational existence for the foreseeable future and is well placed to manage its business risks successfully.

Financial risk management

Information on financial risk management is included in the Financial instruments section of the Strategic report.

Corporate governance

The directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

The transaction documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives, whilst enabling them to comply with the regulatory obligations.

Share capital

The issued share capital consists of 1 fully paid ordinary share of £1.

Directors and their interests

The directors of the Company during the year, and up to the date of signing the financial statements were:

Joint Corporate Services Limited
Nita Savjani
Ravinder Singh Anand
Rajeev Ramniklal Raichura (resigned on 8 December 2023)
Daniel Richard Hartley (appointed on 7 December 2023)

The directors do not recommend the payment of a dividend.

None of the directors have any beneficial interest in the ordinary share capital of the Company. None of the directors had any interest during the year in any material contract or arrangement with the Company.

Company secretary

TMF Corporate Administration Services Limited was appointed on 21 March 2018 and served as the company secretary to the year leading to the date of signing of the financial statements.

Statement of directors' responsibilities in respect of the financial statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with Companies Act 2006 and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company's financial statements in accordance with the United Kingdom 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 the directors shall 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 year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable the Company 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.

Audit exemption

For the year ended 30 June 2023, the Company was entitled to the exemption from audit under the Companies Act 2006, Section 477 and Section 382 (2) relating to small companies. Correspondingly, the members have not required the company to obtain an audit of its accounts for the year under review in question in accordance with Section 476. The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

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

Nita Savjani
Director

TC Funding I Limited
Company registration number: 11266885

Statement of comprehensive income for the year ended 30 June 2023

	Notes	12 months to 30 June 2023 £	Restated * 18 months to 30 June 2022 £
Interest receivable and similar income	3	5,135,273	7,090,651
Interest payable on Notes	4	(4,439,857)	(6,398,221)
Net interest income		695,416	692,430
Operating expenses	5	(625,823)	(5,145,885)
Profit before taxation		**69,593**	**(4,453,455)**
Other Income - FV Adjustments on Financial Assets		1,368,463	-
Other Income – interest rate swap		111,700	-
Profit/(loss) before taxation		**1,549,756**	**(4,453,455)**
Tax on profit	7	(570)	(285)
Profit/(loss) and total comprehensive income/(loss) for the financial year	**12**	**1,549,186**	**(4,453,740)**

*See note 2 for details of the prior period restatement.

All amounts relate to continuing activities.

The accompanying notes on pages 11 to 22 are an integral part of these financial statements.

TC Funding I Limited
Company registration number: 11266885

Statement of financial position as at 30 June 2023

	Notes	12 months to 30 June 2023 £	Restated * 18 months to 30 June 2022 £
Non-current assets			
Loans receivables	8	42,979,352	33,574,872
CBILS notes receivables	8	15,495,782	21,920,278
Trade and other receivables	9	1,603,568	
		60,078,702	55,495,150
Current assets			
Cash or cash equivalent		7,894,269	3,662,521
Trade and other receivables	9	697,874	2,245,901
		8,592,143	5,908,422
Creditors: amount falling due within one year	10	(542,178)	(1,094,644)
Net current assets		8,049,965	4,813,778
Total assets less current liabilities		68,128,667	60,308,928
Creditors: amount falling due after more than one year	10	(73,840,122)	(67,569,569)
Net liabilities		**(5,711,455)**	**(7,260,641)**
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	(5,711,456)	(7,260,642)
Total shareholders' surplus		**(5,711,455)**	**(7,260,641)**

*See note 2 for details of the prior period restatement.

The accompanying notes on pages 11 to 21 are an integral part of these financial statements.

For the year ended 30 June 2023, the Company was entitled to the exemption from audit under section 477 of the Companies Act 2006 relating to small Companies.

The members have not required the Company to obtain an audit of its accounts for the year under review in accordance with Section 476 of the Companies Act 2006.

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

These Accounts have been prepared in accordance with the provisions applicable to companies subject to the small Companies regime.

The financial statements on pages 7 to 21 were approved and authorised for issue by the Board of Directors on ....27/03/2024.........., and were signed on its behalf by

Nita Savjani
Director

TC Funding I Limited
Company registration number: 11266885

Statement of changes in equity for the year ended 30 June 2023

	Called up share capital £	Profit and loss account £	Total shareholders' surplus £
Balance as at 31 December 2020 (restated)	1	(2,806,902)	(2,806,901)
Changes in equity			
Total comprehensive income for the financial period	-	(4,453,740)	(4,453,740)
Balance as at 30 June 2022 (restated)	1	(7,260,642)	(7,260,641)
Changes in equity			
Total comprehensive income for the financial year	-	1,549,186	1,549,186
Balance as at 30 June 2023	**1**	**(5,711,456)**	**(5,711,455)**

TC Funding I Limited
Company registration number: 11266885

Statement of cash flow for the year ended 30 June 2023

	Notes	Year ended 30 June 2023 £	Restated * 18 months ended 30 June 2022 £
Cash flows from operating activities			
Net cash (outflow) from operating activities	14	832,954	(2,945,527)
Investing activities			
Loan Investment		(34,891,985)	(23,654,876)
Collections from Receivables		32,020,226	32,842,240
Net cash inflow from investing activities		(2,871,759)	9,187,364
Financing activities			
Proceeds from Notes issued		6,270,553	16,395,064
Repayment		-	(31,022,028)
Net cash from increase in financing activities		6,270,553	(14,626,964)
Net (decrease)/increase in cash and cash equivalents		4,231,748	(8,385,127)
Cash and cash equivalents at beginning of the year		3,662,520	12,047,647
Cash and cash equivalents at end of the year		7,894,268	3,662,520
Movement in cash during the year		**4,231,748**	**(8,385,127)**

1 General Information

The Company was incorporated as a special purpose company on 21 March 2018 in the United Kingdom and registered with the company number 11266885 in England and Wales under the Companies Act 2006. The registered office of the Company is 13th Floor, One Angel Court, London, EC2R 7HJ. The company is a private company limited by shares.

2 Accounting policies

Statement of Compliance

The financial statements of the Company are prepared on a going concern basis, under the historical cost convention modified to include certain items at fair value, pursuant to the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") issued by the Financial Reporting Council. The Company has adopted, and is compliant with, FRS 102 for the year ended 30 June 2023. The Company has adopted in full IFRS 9 with respect to the recognition and measurement of financial instruments Disclosure in relation to the financial instruments are to be made in accordance with the requirements of FRS 102 Section 11 and 12.

The accounting policies which have been applied consistently throughout the year to the Company's financial statements are set out below. The directors have adjusted the format of the statement of comprehensive income and the "Statement of Financial Position" as allowed under Companies Act 2006. In the opinion of the directors, net interest income is a more appropriate measurement of the Company's performance than turnover and cost of sales.

Basis of preparation - Going concern

The ability of the Company to meet its obligations on the Notes and to meet its operating and administrative expenses is dependent principally on the performance of the Loans. The Notes are a limited recourse obligation of the Company, secured over the Loans, and the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the Loans under the terms of the priority of payments as set out in the terms and conditions of the Notes. The Company is obliged to redeem the Notes at their principal amount outstanding upon its scheduled maturity on 21 January 2026 or extended maturity in January 2027.

The obligations of the Company to pay amounts due on the Notes are limited to the application of receipts from the Loans under the terms of the priority of payments as set out in the terms and conditions of the Notes. If on full realisation of the Loans, insufficient funds exist to settle the liabilities owed to the noteholders, there will be no further recourse to the Company (even in the event of default).

It is the intention of the directors for the Company to continue operations until such a time as the amounts due from the Loan have been fully realised. Ultimately, owing to the limited recourse nature of the Notes, any shortfall in the proceeds of the Loans will be a risk to the noteholders.

In spite of the current uncertainty in the economic environment, after making enquiries regarding the quality of assets and the limited recourse nature of the Company's borrowings, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Currency

The financial statements are prepared in pound sterling, which is the functional currency of the Company. Numbers are rounded to the nearest pound unless otherwise disclosed.

Segmental analysis

The Company's operations are carried out in the United Kingdom and the results and net assets are derived from its acquisition of the Loans and therefore the directors only report one business and one geographic segment.

2 Accounting policies (continued)

Financial instruments

The Company has applied IFRS 9 Financial instruments for recognition and measurement of financial instruments. In accordance with FRS 102 Section 11 paragraph 11.2 Disclosures in relation to the financial instruments are to be made in accordance with the requirements of FRS 102 Section 11 and Section 12.

Loans

The Loans are non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market. They are classified as loans and receivables. Loans and related transaction costs are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. No impairment been recognised during the year under review.

Cash at bank and in hand

Cash at bank and in hand comprise cash balances.

Impairment

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

If there is objective evidence that an impairment loss on a financial asset classified as loans and receivables has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are recognised in the statement of comprehensive income and the carrying amount of the financial asset reduced by establishing an allowance for impairment losses. If in a subsequent year the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted on measuring impairment.

Interest receivable and similar income and interest payable and similar charges

Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities is determined using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liabilities and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

2 Accounting policies (continued)

Taxation

The directors are satisfied that this Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise. As a result, no deferred tax amounts are recognised.

Under the powers conferred by the Act, secondary legislation was enacted in 2006 which ensures that, subject to certain conditions being met and an election being made, for years commencing on or after 1 January 2007, corporation tax for a 'securitisation company' will be calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangement. The directors are satisfied that this Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation.

Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The estimates involved in the Company's accounting policies that are considered by the directors to be the most important to the portrayal of the Company's financial condition and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value of financial instruments

Where the fair value of financial assets and liabilities recorded in the balance sheet cannot be derived from active markets, they are determined by using valuation techniques including counterparty valuations or discounted cash flows models. The inputs to such models are taken from observable markets where possible but where this is not feasible, a degree of judgement is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of derivative instruments are estimated using discounted cash flow models using yield curves that are based on observable market data or are based on valuations obtained from counterparty.

Impairment of the Loans

The allowance for impairment losses on loans and receivables is management's best estimate of losses incurred in the portfolio at the Balance Sheet date. Impairment allowances are established to recognise impairment losses in the Company's loan portfolio carried at amortised cost. In determining whether impairment has occurred at the Balance Sheet date the Company considers whether there is any observable data indicating that these has been a measurable decrease in the estimated future cashflows or their timings. Where this is the case, the impairment loss is the difference between the carrying value of the loan and the present value of the estimates future cashflows discounted at the loan's original effective interest rate.

At 30 June 2023, impairment allowances against the Loans totalled £5,913,276 (2022: £7,518,553).

2. Accounting policies (continued)

Prior period adjustment and restatement

The Company has adjusted the Statement of Comprehensive Income, the Statement of Financial Position, and the Statement of Changes in Equity for the following error in the prior period.

- Deferred consideration – Previously the Company had recognised deferred consideration through Profit and Loss in order to recognise a fixed profit amount. This deferred consideration has now been reversed in the prior year as the adjustment to revenue should not have been accounted for.

Impact of the restatement on the Statement of Comprehensive Income

	Previous Statement of Comprehensive Income	Restatement	Restated Statement of Comprehensive Income
	30-Jun-22		30-Jun-22
Interest receivable and similar income	11,545,606	(4,454,955)	7,090,651
Total adjustments		(4,454,955)	

- Interest receivable and similar income has decreased by £4,454,955 due to the reversal of deferred consideration as at 30 June 2022

Impact of the restatement on the Statement of Financial Position

	Previouls Statement of Financial Position	Restatement	Restated Statement of Comprehensive Income
	30-Jun-22		30-Jun-22
Debtors due within one year	9,509,580	(7,263,679)	2,245,901
Total adjustments		(7,263,679)	

- Debtors due within on year has decreased by £7,263,679 due to the reversal of deferred consideration as at 30 June 2022.

2. Accounting policies (continued).

Impact of the restatement on the Statement of Cashflow

	Previous Statement of Cash Flow	Restatement	Restated Statement of Cash Flow
	30-Jun-22		30-Jun-22
Cashflows from operating activties			
Profit before tax	1,500	(4,454,955)	(4,453,455)
(Increase)/decrease in receivables	(2,790,375)	4,454,955	1,664,580

Net cash outflow from operating activities has decreased during the period by £nil due to:

- Decrease in the increase in receivables during the period by £4,454,955 (increase cash out flow)

3 Interest receivable and similar income

	YE 30 June 2023 £	Restated PE 30 June 2022 £
Interest on Loans receivable	3,526,506	3,923,086
Interest on notes issued by TC Funding Limited	1,250,000	2,560,000
Movement in loan asset	343,100	607,565
Sundry income	15,667	-
	5,135,273	**7,090,651**

4 Interest payable on Notes

	YE 30 June 2023 £	PE 30 June 2022 £
Interest expense on the Notes	4,439,857	6,398,221
	4,439,857	**6,398,221**

5 Operating expenses

	YE 30 June 2023 £	PE 30 June 2022 £
Professional fee	159,275	105,867
Provision	234,876	4,090,600
Bank charges	604	3,836
Service platform fee	231,068	945,582
	625,823	**5,145,885**

6 Directors and employees

The Company has no employees and services required are contracted from third parties. The directors earned no remuneration from the Company in respect of qualifying services rendered during the year. Please see related party note, note 16, for details of corporate services fees payable to a related party for the provision of director services.

7 Tax on profit

For UK corporation tax purposes, the Company has been considered as a Securitisation Company under the 'Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)'. Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the documentation governing the transaction. In accordance with the governing documents the Company is expected to retain £250 on each interest payment date (the "IPDs").

	YE 30 June 2023	PE 30 June 2022
	£	£
a) Analysis of the company charge in the year		
UK corporation tax charge on the profit for the year	570	285
	570	**285**

b) Factors affecting the Company current tax charge for the year

The increase in the UK corporation tax rate from 19% to 25% enacted on 24 May 2021 became effective 1 April 2023. (2022: 19.00%).

	YE 30 June 2023	Restated PE 30 June 2022
	£	£
Profit/(loss) on ordinary activities before tax	1,549,756	(4,453,455)
Current tax charge at 19.00% (2022: 19.00%)	294,454	(846,156)
Effects of:		
Adjustment in accordance with securitisation tax rules	(293,884)	846,441
Total tax charge	**570**	**285**

For UK corporation tax purposes, the Company has been considered as a Securitisation Company under the 'Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)'. Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits of £3,000 for 12 months period from 01 July 2022 as specified in the documentation governing the Master Framework Agreement.

Factors that may affect future tax charges

The increase in the UK corporation tax rate from 19% to 25% enacted on 24 May 2021 became effective 1 April 2023. (2022: 19.00%).

8 Loans and notes

	2023 £	2022 £
Opening book value	55,495,150	67,992,843
Acquisition	34,891,985	23,047,311
Redemption during the year	(32,020,226)	(32,061,969)
Impairment during the year	(234,875)	(4,090,600)
Change in fair value on Loans through SCI	343,100	607,565
Net book value at 30 June 2023	**58,475,134**	**55,495,150**

The maturity profile of the Loans is as follows:

	2023	2022
In one year or less	-	-
In more than one year	58,475,134	55,495,150
	58,475,134	**55,495,150**

9 Debtors

	2023 £	Restated 2022 £
Amounts falling due after one year:		
Fair value gain on interest rate swap	1,368,463	-
Fair value gain on loans receivable	235,105	-
	1,603,568	**-**
Amounts falling due within one year:		
Other debtor (platform account)	-	2,080,291
Interest receivable	173,799	115,610
Accrued income	49,069	-
Amount owed from related parties	475,006	50,000
	697,874	**2,245,901**

10 Creditors

	2023 £	Restated 2022 £
Amounts falling due within one year:		
Interest payable on Notes	514,564	1,033,550
Accrued expenses	27,045	60,809
Corporation tax liability	569	285
	542,178	**1,094,644**
Amounts falling due after more than one year:		
Senior Notes issued	57,485,506	54,391,036
Subordinated Notes issued	16,354,616	13,178,533
	73,840,122	**67,569,569**

11 Share Capital

	2023	2022
	£	£
Called up, issued and allotted		
Ordinary shares of £1: 1 fully paid	1	1
	1	**1**

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and repayment of capital.

12 Profit and loss account

	YE 30 June 2023	PE 30 June 2022
	£	£
Opening balance (restated)	(7,260,642)	(2,806,902)
Profit for the financial year	1,549,186	(4,453,740)
At 30 June 2023	**(5,711,456)**	**(7,260,642)**

13 Financial instruments

The nature of the financial instruments used during the year to mitigate credit risk, liquidity risk, currency and interest rate risk is shown in the Strategic Report under the heading 'Financial Instruments'.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The Company's exposure to risk on its financial instruments and the management of such risk is largely determined from inception of the securitisation transaction. The Company's activities and the role of each party to the transaction are clearly defined in the transaction documents.

The table below shows the classification of the financial instruments of the Company at the year end.

YE 30 June 2023	Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets at amortised cost
Assets:	£	£	£	£
Loan and note asset	-	58,475,134	-	58,475,134
Trade and other receivables: due after one year	1,603,568			1,603,568
Cash at bank and in hand	-	7,894,268	-	7,894,268
Trade and other receivables: due within one year	-	697,874	-	697,874
	1,603,568	**67,067,276**	**-**	**68,670,844**
Liabilities:				
Trade and other payables	-	-	73,840,122	73,840,122
Accrued interest payable	-	-	514,564	514,564
	-	**-**	**74,354,686**	**74,354,686**

13 Financial instruments (continued)

PE 30 June 2022	Fair value through profit and loss	Loans and receivables at amortised cost	Financial liabilities at amortised cost	Total carrying value
	£	£	£	£
Assets:				
Loan and note asset	-	55,495,150	-	55,495,150
Cash at bank and in hand	-	3,662,521	-	3,662,521
Trade and other receivables	-	2,245,901	-	2,245,901
	-	**61,403,572**	**-**	**61,403,572**
Liabilities:				
Trade and other payables	-	-	67,569,569	67,569,569
Accrued interest payable	-	-	1,033,550	1,033,550
	-	**-**	**68,603,119**	**68,603,119**

Credit risk

The Company mitigates credit risk by matching the principal amount and interest due from its investment in the Loans with the Notes it has issued to investors. Any change in the value of the underlying investments moves inversely to the value of the Notes issued by the Company. That is, the interest receivable on the Loans has a similar profile to the interest payment obligation on the Notes, and given the limited recourse nature of the Notes, the Company's credit risk is mitigated.

The maximum exposure to credit risk as stated above arising on the Company's financial assets at the reporting date is disclosed in the table below and is equivalent to the carrying value of the financial assets.

	Carrying value 2023	Maximum exposure 2023	Carrying value 2022	Maximum exposure 2022
	£	£	£	£
Assets:				
Loan and note asset	58,475,134	58,475,134	55,495,150	55,495,150
Cash or cash equivalent	7,894,269	7,894,269	3,662,521	3,662,521
Trade and other receivables	697,874	697,874	2,245,901	2,245,901
	67,067,277	**67,067,277**	**61,403,572**	**61,403,572**

Cash is held with National Westminster Bank Plc, which had a credit rating of A1 with Moody's at year end.

Market risk

Market risk is defined as the potential loss in value or earnings of an organisation arising from changes in external market factors.

The Company is exposed to market risk in the form of interest rate risk.

13 Financial instruments (continued)

Interest rate risk

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets and liabilities are similar.

Interest on the Notes is determined and payable monthly in arrears. As at 30 June 2023 the following rates were applicable:

Notes	Carrying value 2023 £	Interest rate as at 30 June 2023	Carrying value 2022 £	Interest rate as at 30 June 2022
Senior Notes	57,485,506	SONIA plus margin	54,391,036	SONIA plus margin
Subordinated Notes	16,354,616	N/A (excess paid)	13,178,533	N/A (excess paid)
Notes principal balance	**73,840,122**		**67,569,568**	

The Notes are limited recourse obligations dependent on receipt of principal and interest from the Loans on each interest payment date (the "IPD"). The Senior Notes will rank ahead of the Subordinated Notes at all times. The Company is exposed to interest rate risk because the Loans are subject to variable and fixed interest rates.

Currency profile

All of the Company's financial assets and liabilities are denominated in Sterling (£).

Liquidity risk

Liquidity risk reflects the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial instruments, should the actual cash flows from its assets differ from those expected.

The Company's assets (primarily the Loans) are financed by the Notes. The financing policy substantially reduces the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of the assets being funded.

The Notes are subject to redemption in part on each IPD in an amount equal to the principal received or recovered in respect of the Loans. If not otherwise redeemed or purchased and cancelled, the Notes will be redeemed at their principal amounts outstanding on the IPD falling on October 2022. However, due to the limited recourse obligations of the Company in respect of the Notes, the Company is only obliged to make repayments of interest on the Notes to the extent that payments are received from the Loans.

13 Financial instruments (continued)

Liquidity risk (continued)

The table below reflects the undiscounted contractual cash flows of financial liabilities at the balance sheet date non-derivative financial instruments.

As at 30 June 2023	Carrying Value	Gross cash flows	In less than 1 month	After 1 month but within 3 months	After 3 months but within one year	After 1 year but within 5 years
	£	£	£	£	£	£
Notes	73,840,122	73,840,122	-	-	-	73,840,122
Interest payable on Notes	514,564	514,564	514,564	-	-	-
Total as at 30 June 2023	**74,354,686**	**74,354,686**	**514,564**	**-**	**-**	**73,840,122**

Restated As at 30 June 2022	Carrying Value	Gross cash flows	In less than 1 month	After 1 month but within 3 months	After 3 months but within one year	After 1 year but within 5 years
	£	£	£	£	£	£
Notes	67,569,569	67,569,569	-	-	-	67,569,569
Interest payable on Notes	1,033,550	1,033,550	1,033,550	-	-	-
Total as at 30 June 2022	**68,603,119**	**68,603,119**	**1,033,550**	**-**	**-**	**67,569,569**

Fair value of financial assets and liabilities

The Company does not trade in financial instruments and therefore does not intend to dispose of the financial instruments until maturity.

Financial Reporting Standard 102 in relation to the nature of the financial instruments that are measured in the Statement of Financial Position at fair value requires them to be put into a fair value measurement hierarchy based on fair value measurement as detailed below:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The only financial instruments included in the Company's Statement of Financial Position that are measured at fair value are derivative transactions. As the fair value of such derivatives is calculated by using observable market data, these fall within level 2 of the hierarchy.

14 Cashflows from operating activities

	2023 £	Restated 2022 £
Cash flows from operating activities		
Profit/(loss) before tax	1,549,756	(4,453,455)
Tax paid	(285)	(190)
Decrease in receivables	1,548,027	1,664,580
(Decrease) in payables	(552,751)	(156,462)
Fair value movement on interest rate swap	(1,368,463)	-
Movement on provision	(1,605,278)	-
Loan written off	1,840,153	-
Non- cash movement in loan asset	(343,100)	-
Movement on fair value gain on loan receivable	(235,105)	-
Net cash (outflow) from operating activities	832,954	(2,945,527)

15 Controlling party

TMF Trustee Limited is the registered shareholder of the issued share in the Company. The issued share is held in trust by TMF Trustee Limited. TMF Trustee Limited has appointed the board of directors to oversee the day-to-day activities of the Company.

The Company has been consolidated into the financial statements of Thincats Group Limited for the year ended 30 June 2023. It was determined that Thincats Group Limited carries the risk but also receives the reward for the loan assets in this Company. The registered office of Thincats Group Limited is 2&3 Charter Point Way, Ashby Park, Ashby De La Zouch, Leicestershire, LE65 1NF.

16 Related party transactions

During the year the Company paid TMF Global Services (UK) Limited £71,420 (2022: £75,913) for accounting and SPV services.

The net book value of the underlying Loans originated from Business Loan Capital Limited is £16,354,616 (2022: £13,178,533). Interest paid during the year on the loans and included within interest paid amounted to £648,523 (2022: £1,959,499).

At year end £382,598 (2022: £615,036) of accrued interest was payable on the Senior Notes.

During the year £32,037,331 (2022: £28,808,362) of principal repayment was paid on the Notes.

During the year the Company purchased £3,078,875 (2022: £13,137,874) notes issued by TC Funding Limited, and £9,367,508 (2022: £7,630,231) were repaid. Although both the company and TC Funding Limited have the same shareholder and directors, they are each orphan entities managed separately by the directors.

17 Post balance sheet events

There were no significant events which have arisen since the year end.