

Financial Statements

LDF OPS Limited

For the Year Ended 31 December 2018



Registered number: SC198910

Company Information

Directors	P Alderson K Applewhite P Brereton A Davies C Heeley R McDougall (resigned 28 June 2018) A Ross R Corcoran
Company Secretary	P Brereton
Registered Number	SC198910
Registered Office	22 Dunlop Street Stewarton Kilmarnock Ayrshire KA3 5AT
Independent Auditor	Deloitte LLP Statutory Auditor 2 Hardman Street Manchester United Kingdom M3 3HF
Bankers	Bank of Scotland 30-34 King Street Kilmarnock KA1 1NP

Contents

	Page
Strategic Report	4
Directors' Report	5-6
Independent Auditors Report	7-8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12-22

Strategic Report

For the Year Ended 31 December 2018

Introduction

The Directors are pleased to present their report and audited financial statements for the year ended 31 December 2018.

Principal Activity

The principal activity of LDF OPS Limited (the 'Company') continues to be that of a finance broker to commercial counterparties throughout the UK.

The Company's key financial information during the year was as follows:

	31 December 2018	31 December 2017
Turnover	£2,312,633	£2,241,101
Pre tax loss	£(668,750)	£(660,382)

Total new business origination for the period to 31st December 2018 was £121m (2017: £113m). The Directors are very happy with the new business volumes given the competitive market conditions.

The Company originates its new business via three distinct channels; an employed office and field based sales force; appointed representatives and broker relationships and a number of key referral arrangements. The Company continues to specialise in providing asset finance to its client base but is increasingly offering a wider product range available through LDF Group Holdco Limited (the 'Group') to its client base. The Directors are pleased with the client uptake of these products.

The Company has reported a loss before tax of £668,750 for the year (2017: loss £660,382). The overall trading performance of the business remains strong and the Directors are satisfied with that performance. The loss is as a result of the Company placing an increasing amount of its business onto the Group's funding platform. The Company does not always earn a commission for these introductions, but the contribution of these introductions to the overall Group performance is significant.

With the new resources, products and funding lines at its disposal the Company expects new business volumes to grow in 2019.

On 23 June 2016, the UK voted to exit the European Union. The Brexit date is still undecided. It is difficult to determine any financial impact at this stage but the Company expects this to be minimal.

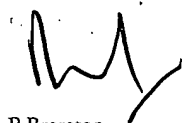
Principal risks and uncertainties

The Company faces financing, liquidity, reputational, operational and regulatory risks in the course of its normal business activities. The Board of Directors meet monthly to discuss the detailed management accounts and key performance indicators which highlight the results for the month and the year to date in comparison to budget.

Going Concern

The Company continues to be an employer of a number of people within the Group and a key originator of new business. Despite the Company having net liabilities the Directors have a reasonable expectation that the Company, with the continued support and investment of the Group, has adequate resources to continue in operational existence for the foreseeable future and accordingly the going concern basis is adopted in the preparation of the financial statements.

This report was approved by the board on 3 May 2019 and signed on its behalf.



P Brereton
Director

Directors' Report

For the Year Ended 31 December 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

An analysis of likely future developments in the business and use of financial instruments is given in the Strategic Report and further detail is shown in Note 20.

Results

The results for the year are shown in the profit and loss account on Page 9. The loss for the year, after taxation, amounted to £671,174 (2017: loss £657,590).

Directors

The Directors who served during the year and upto the date of this report were:

P Alderson
K Applewhite
P Brereton
A Davies
C Heeley
R McDougall (resigned 28 June 2018)
A Ross
R Corcoran

Directors' Report (continued)

For the Year Ended 31 December 2018

Directors' Indemnity and Directors' and Officers' Liability Insurance

The Company maintains a Directors' and Officers' Liability Insurance policy which is a qualifying third party indemnity. In accordance with the Company's Articles of Association, the Board may also indemnify a Director from the assets of the Company against any costs or liability incurred as a result of their office, to the extent permitted by law. Neither the insurance policy nor any indemnities that may be provided by the Company provide cover for fraudulent or dishonest actions by the Directors. However, costs may be advanced to Directors for their defence in investigations or legal actions.

Dividends

No dividends were distributed or proposed for the period ending 31 December 2018 (2017: £0).

Employees

The Company's policy is to recruit and promote on the basis of aptitude and ability without discrimination of any kind. Applications for employment by disabled people are always considered bearing in mind the qualifications and abilities of the applicants. In the event of employees becoming disabled every effort is made to ensure their continued employment. The Company's policy is to adopt an open management style, thereby encouraging informal consultation at all levels about aspects of the Company's operations.

Environment

The Company is committed to pursuing sound environmental policies in all aspects of its business, and seeks to encourage and promote good environmental practice amongst its employees and within the communities in which it operates.

Charitable Donations

During the year the Company made charitable donations of £310 (2017: £410).

Disclosure of Information to Auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

Deloitte LLP was appointed as the Company's auditor for the year commencing 1 January 2018. Deloitte LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 3 May 2019 and signed on its behalf.



P Brereton
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LDF OPS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of LDF Ops Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 are 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LDF OPS LIMITED (continued)

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the 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.

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.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



David Heaton (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester, United Kingdom

3 May 2019

Statement of Comprehensive Income

For the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	3	2,312,633	2,241,101
Cost of sales		(768,222)	(703,994)
Gross profit		1,544,411	1,537,107
Administrative expenses		(2,220,630)	(2,203,989)
Other operating income	4	7,469	6,500
Operating loss	5	(668,750)	(660,382)
Other interest receivable and similar income	8	-	-
Loss before tax		(668,750)	(660,382)
Tax on loss on ordinary activities	9	(2,424)	2,792
(Loss) for the financial year		(671,174)	(657,590)

There are no items of other comprehensive income, therefore a statement of other comprehensive income has not been prepared. All of the above amounts relate to continuing operations and are attributable to equity holders.

The notes on pages 12 to 22 form part of these financial statements.

Statement of Financial Position

As at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	10	110,111	39,662
		<u>110,111</u>	<u>39,662</u>
Current assets			
Debtors: Amounts falling due within one year	11	205,473	148,492
Cash at bank and in hand	12	42,214	-
		<u>247,687</u>	<u>148,492</u>
Creditors: Amounts falling due within one year	13	(1,669,745)	(831,351)
Net current liabilities		<u>(1,422,058)</u>	<u>(682,859)</u>
Debtors: Amounts falling due after more than one year	11	2,012	4,436
Total assets less current liabilities		<u>(1,309,935)</u>	<u>(638,761)</u>
Net liabilities		<u>(1,309,935)</u>	<u>(638,761)</u>
Capital and reserves			
Called up share capital	16	50,000	50,000
Profit and loss account		(1,359,935)	(688,761)
		<u>(1,309,935)</u>	<u>(638,761)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 May 2019.



P M Brereton
Director

The notes on pages 12 to 22 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Total Equity
	£	£	£
At 1 January 2018	50,000	(688,761)	(638,761)
Comprehensive loss for the year			
Loss for the year	-	(671,174)	(671,174)
Total comprehensive loss for the year	-	(671,174)	(671,174)
At 31 December 2018	50,000	(1,359,935)	(1,309,935)

For the Year Ended 31 December 2017

	Called up Share capital	Retained Earnings	Total Equity
	£	£	£
At 1 January 2017	50,000	(31,171)	18,829
Comprehensive loss for the year			
Loss for the year	-	(657,590)	(657,590)
Total comprehensive loss for the year	-	(657,590)	(657,590)
At 31 December 2017	50,000	(688,761)	(638,761)

The notes on pages 12 to 22 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2018

1. Accounting policies

1.1 General information and Basis of preparation of financial statements

LDF OPS Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act and registered in Scotland. The address of the registered office is given on page 2. The nature of the group's operations and its principal activities are set out in the Strategic Report on page 4.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The principle accounting policies are summarised below. All accounting policies have been consistently applied throughout the year and the preceding year.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

1.2 Financial Reporting Standard 102 - reduced disclosure exemptions

Related party transactions

The Company has taken advantage of the exemptions available under paragraph 33.1A of FRS 102 Related Party Disclosures, not to disclose transactions that have taken place between members of the Group where the party to the transaction is a wholly owned member.

Cash flow statement

The Company meets the definition of a 'qualifying entity' under FRS 102 and as such has elected to take the exemption under FRS 102, para 1.12 (b) not to present the Company statement of cash flows.

1.3 Going concern

The Company continues to be an employer of a number of people within the Group and a key originator of new business. Despite the Company having net liabilities the Directors have a reasonable expectation that the Company, with the continued support and investment of the Group, has adequate resources to continue in operational existence for the foreseeable future and accordingly the going concern basis is adopted in the preparation of the financial statements.

1.4 Revenue

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

Broker Fees

The Company earns commission from its broking activities, commission income is recognised when the Company successfully arranges a financial transaction for its client.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Income statement during the period in which they are incurred.

Notes to the Financial Statements

For the Year Ended 31 December 2018

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles - 25%

Fixtures and fittings - 15%

Computer equipment - 20% - 33.33%

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating income' in the Income statement.

1.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loan receivables are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.7 Provision for bad and doubtful debts

Specific provision is made against trade debtors when, in the opinion of the Directors, full repayment is considered to be unlikely. The level of impairment identified is based on the Directors' calculated estimate of the future recoverable amount, taking into account the level of arrears, security held, past recoveries and other relevant factors.

1.8 Cash and cash equivalents

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

1.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

Notes to the Financial Statements

For the Year Ended 31 December 2018

1. Accounting policies (continued)

1.9 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company assesses at each Balance Sheet date whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset, or a group of financial assets, is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset, or group of assets, is impaired includes observable data that comes to the attention of the Company about the following loss events:

- delinquency in contractual payments of principal or interest;
- cash flow difficulties;
- breach of loan covenants or conditions; and
- initiation of bankruptcy proceedings.

1.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.11 Finance costs

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

Notes to the Financial Statements

For the Year Ended 31 December 2018

1. Accounting policies (continued)

1.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.13 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

1.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

1.15 Current and deferred taxation

Taxation

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

Current tax

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

Deferred tax

Current tax is provided for at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future or a right to pay less tax in the future, have occurred by the Balance Sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the Balance Sheet date.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

There are no critical judgements involved in applying the Company's accounting policies which affect the amounts recognised in the financial statements. The accounting estimates and assumptions which affect the reported amounts of assets and liabilities within the financial statements are set out below.

Impairment of receivables

The main area in the financial statements where a judgement is made is in the impairment of its trading and other debtors. Balances are written off when there is judged to be no realistic prospect of recovery. Specific provisions are made to reduce all impaired balances to their estimated realisable values.

The Company assesses at each Balance Sheet date whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset, or a group of financial assets, is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset, or group of assets, is impaired includes observable data that comes to the attention of the Company about the following loss events:

- delinquency in contractual payments of principal or interest;
- cash flow difficulties;
- breach of loan covenants or conditions; and
- initiation of bankruptcy proceedings

3. Analysis of turnover

The total turnover of the Company for the year has been derived from its principal activities wholly undertaken in the United Kingdom and relates to it being finance broker to commercial counterparties.

An analysis of turnover by class of business is as follows:

	2018	2017
	£	£
Finance brokerage income	<u>2,312,633</u>	<u>2,241,101</u>

4. Other operating income

	2018	2017
	£	£
Other operating income	<u>7,469</u>	<u>6,500</u>
	<u>7,469</u>	<u>6,500</u>

Notes to the Financial Statements

For the Year Ended 31 December 2018

5. Operating loss

The operating loss is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	24,352	29,518
Profit on disposal of fixed assets	(7,469)	(6,500)
Auditors remuneration	-	-
Defined contribution pension cost	71,106	20,316

Auditor's fees for the year ended 31 December 2018 and 31 December 2017 were borne by LDF Operations Ltd and are not recharged. The total amounts borne by LDF Operations Ltd in relation to the whole group were as follows:

	2018	2017
	£	£
Fees payable to the Group's auditor in respect of:		
Auditing of the financial statements of the parent company and consolidation	9,800	10,000
Auditing of the financial statements of the subsidiary companies	109,000	100,000
Taxation compliance services	27,500	25,000
Other services relating to taxation	20,020	-
	166,320	135,000

6. Employee costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	1,681,115	1,672,706
Social security costs	155,722	137,934
Cost of defined contribution pension scheme	71,106	20,316
	1,907,941	1,830,956

The average number of employees, including Directors during the year was as follows:

	2018	2017
	No.	No.
Front Office	25	18
Back Office	6	18
	31	36

7. Directors' remuneration

	2018	2017
	£	£
Directors' emoluments	165,110	146,897
Company contributions to defined contribution pension schemes	4,375	5,250
	169,485	152,147

During the year retirement benefits were accruing to 1 Director (2017: 1) in respect of defined contribution pension schemes.

Notes to the Financial Statements

For the Year Ended 31 December 2018

8. Interest receivable and similar income

	2018	2017
	£	£
Other interest receivable	-	-
	<u>-</u>	<u>-</u>

9. Taxation

	2018	2017
	£	£
Current tax:		
Adjustment in respect of previous periods	-	(900)
Total current tax	<u>-</u>	<u>(900)</u>
Deferred tax:		
Origination and reversal of timing differences	2,709	(1,839)
Adjustment in respect of previous periods	-	(268)
Effect of changes in tax rates	(285)	215
Total deferred tax:	<u>2,424</u>	<u>(1,892)</u>
Total tax per income statement	<u>2,424</u>	<u>(2,792)</u>

Factors affecting tax charges for the year

The charge for the year can be reconciled to the profit per the income statement as follows:

	2018	2017
	£	£
Loss for the period	<u>(668,750)</u>	<u>(660,382)</u>
Tax on loss at standard UK tax rate of 19% (2017: 19.25%)	(127,063)	(127,101)
Effects of:		
Group relief/other reliefs	129,449	124,708
Expenses not deductible	323	554
Adjustment from previous periods	-	(1,168)
Tax rate changes	(285)	215
Total tax credit for the period	<u>2,424</u>	<u>(2,792)</u>

Notes to the Financial Statements

For the Year Ended 31 December 2018

10. Tangible fixed assets

	Computer equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 January 2018	32,791	9,498	49,334	91,623
Additions	29,295	33,253	36,786	99,334
Disposals	-	-	(24,167)	(24,167)
At 31 December 2018	<u>62,086</u>	<u>42,751</u>	<u>61,953</u>	<u>166,790</u>
Depreciation				
At 1 January 2018	23,784	3,469	24,708	51,961
Charge owned for the period	8,132	2,290	13,930	24,352
Disposals	-	-	(19,634)	(19,634)
At 31 December 2018	<u>31,916</u>	<u>5,759</u>	<u>19,004</u>	<u>56,679</u>
Net book value				
At 31 December 2018	<u>30,170</u>	<u>36,992</u>	<u>42,949</u>	<u>110,111</u>
At 31 December 2017	<u>9,007</u>	<u>6,029</u>	<u>24,626</u>	<u>39,662</u>

11. Debtors

	2018	2017
	£	£
Due after one year		
Deferred tax	2,012	4,436
	<u>2,012</u>	<u>4,436</u>
Due within one year		
Trade debtors	140,813	108,342
Prepayments	61,869	14,746
Other debtors	1,898	-
Amounts owed by group undertakings	893	25,404
	<u>205,473</u>	<u>148,492</u>
	<u>207,485</u>	<u>152,928</u>

Notes to the Financial Statements

For the Year Ended 31 December 2018

12. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	42,214	-
	<u>42,214</u>	<u>-</u>

13. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	52,864	748
Accruals and deferred income	233,113	447,521
Amounts due to group undertakings	1,333,097	305,909
Other creditors	47,879	41,341
Corporation tax	2,792	-
Bank overdraft	-	35,832
	<u>1,669,745</u>	<u>831,351</u>

14. Financial instruments

	2018	2017
	£	£
Financial assets		
Financial assets that are basic debt instruments, including trade debtors and finance lease receivables that are measured at amortised cost or net investment, less any impairment provision	140,813	108,342
Other financial assets including other debtors, amounts owed to group undertakings and cash and cash equivalents, that are measured at amortised cost	43,106	25,404
	<u>183,919</u>	<u>133,746</u>

Financial liabilities

Financial liabilities that are external and internal financial debt liabilities including overdrafts, loans and borrowings, measured on an amortised cost basis	-	35,832
Other financial liabilities, including trade and other payables that are measured on an amortised cost basis	1,385,961	306,657
	<u>1,385,961</u>	<u>342,489</u>

15. Deferred taxation

	2018	2017
	£	£
Provision at start of period	(4,436)	(2,544)
Adjustment in respect of prior years	-	(268)
Deferred tax charge to income statement for the period	2,424	(1,624)
Provision at end of period	<u>(2,012)</u>	<u>(4,436)</u>

Notes to the Financial Statements

For the Year Ended 31 December 2018

15. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

Fixed asset timing differences

2018	2017
(2,012)	(4,366)
<u>(2,012)</u>	<u>(4,366)</u>

16. Share capital

Shares classified as equity

Allotted, called up and fully paid

50,000 Ordinary shares of £1 each

2018	2017
£	£
50,000	50,000
<u>50,000</u>	<u>50,000</u>

17. Commitments under operating leases

2018

Not later than 1 year

Later than 1 year and not later than 5 years

£
15,000
8,750
<u>23,750</u>

2017

Not later than 1 year

Later than 1 year and not later than 5 years

15,000
60,000
<u>75,000</u>

During the year ended 31 December 2018 £15,000 (2017: £15,000) operating lease expense was recognised.

18. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension costs charge represents contributions payable by the Company to the fund. Contributions to the scheme by the Company amounted to £71,106 (2017: £20,316). All amounts were paid by 31 March 2019.

19. Ultimate parent undertaking and controlling party

100% of the share capital of LDF OPS Limited is owned by LDF Group Finance Limited. LDF Group Finance Limited is owned by LDF Group Holdco Limited. The ultimate controlling party of LDF Group Holdco Limited is White Oak Europe Acquisition Limited as it holds the majority shareholding in LDF Group Holdco Limited.

The smallest group into which the results of the Company are consolidated is LDF Group Holdco Limited. Copies of these consolidated financial statements can be obtained from its registered office at Dee House, St David's Park, Ewloe, Flintshire, CH5 3XF. The largest group into which the results of the Company are consolidated is White Oak Europe Limited. Copies of these consolidated financial statements can be obtained from its registered office at C/O Buzzacott LLP, 130 Wood Street, London, EC2V 6DL.

Notes to the Financial Statements

For the Year Ended 31 December 2018

20. Risk management

Liquidity risk

The Company mitigates this risk by financing itself to the level required to meet its liquidity needs. Cash flows for the business are monitored by the Directors on a frequent basis.

Reputational risk

The Company mitigates this risk by putting TCF (Treating Customers Fairly) at the heart of the business and providing exceptional customer service to its client base. This is evidenced by the amount of repeat business it provides for its clients. The company regularly benchmarks its performance through customer feedback, complaints and internal reviews. All complaints are handled in a fair and transparent manner and are reported to the Board on a monthly basis.

Operational risk

The Company mitigates this risk by undertaking regular risk reviews of the operational procedures and undertaking departmental internal audits. There is a commitment by the business to report and review any operational failings and these are reported to the Board on a monthly basis.

Regulatory risk

The Company is subject to regulatory control and supervision by the Financial Conduct Authority (FCA). The Company has successfully gained all the permissions required by the FCA to perform its trade. The Company continually assesses the changing regulatory requirements and its adherence to them through regular reviews and updates to the Board.

Interest rate risk

Interest rate risk is the loss arising from the adverse movements in market interest rates. The Company minimises its exposure to interest rate risk by ensuring the interest rate characteristics of its assets and liabilities are similar. Where this is not possible the Company will use derivative financial instruments to mitigate any residual interest rate risk.

Currency risk

The Company manages its foreign exchange risk against its functional currency. Foreign exchange risk arises when the Company's currency income and the cost of services provided to the Company from external suppliers are denominated in a currency that is not the Company's functional currency. Currency risk to the Company is deemed to be minimal.