

Financial Statements

LDF OPS Limited

For the Year Ended 31 December 2020



Registered number: SC198910

Company Information

Directors	TA Davies
	A Gadsby
	J Felton
Company Secretary	R Rutherford
Registered Number	SC198910
Registered Office	Sixth Floor
	58 Waterloo Street
	Glasgow
	G2 7DA
Independent Auditor	Deloitte LLP
	Statutory Auditor
	The Hanover Building
	Corporation Street
	Manchester
Bankers	M4 4AH
	Bank of Scotland
	30-34 King Street
	Kilmarnock
	KA1 1NP
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	London Commercial Banking Centre
	Level 6, 71 Queen Victoria Street
	London
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Strategic Report

For the Year Ended 31 December 2020

Introduction

The Directors are pleased to present their report and audited financial statements for the year ended 31 December 2020.

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 is the sole originator of new business for White Oak Global Advisors financing affiliates in the UK.

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

	31 December 2020	31 December 2019
Turnover	£18,859,526	£5,447,093
Pre tax profit/(loss)	£3,383,148	£(4,927,564)

Total new business origination for the period to 31 December 2020 was £360m (2019: £359m).

The Company originates its new business via three distinct channels; an employed office and field based sales team; appointed representatives and broker relationships and a number of key referral arrangements. The Company continues to specialise in providing loan and asset finance to its client base and is continually considering new facilities and loan purposes to support its client base.

The Directors meet monthly to assess the performance of the business. The Directors are happy with the current performance given the competitive and challenging economic conditions. The key KPI's which the Directors consider are the new business volumes, brokerage commission % and cost income ratios.

The Company has reported a profit before tax of £3,383,148 for the year (2019: loss of £4,928,564). The Directors are satisfied with the performance of the business which has benefitted from strong origination in the year following CBILS accreditations in the trading companies which it originates to. The reported profit is as a result of the increased commission income due to the group reorganisation during 2019.

The Company is committed in its support to UK SME's and will continue to evolve and develop its product offering to its customer base and introduce channels.

On 31 December 2020 the transition period for Britain leaving the European Union ended. It remains difficult to determine any financial impact of this but the Company expects that it will be minimal.

Strategic Report (continued)

For the Year Ended 31 December 2020

Principal risks and uncertainties

The Company faces credit, financing, liquidity, interest rate and regulatory risk in the course of its normal business activities. Further details on the risks faced and how the Company mitigates them is shown in note 20. The Board of Directors meet monthly to discuss the detailed management accounts, portfolio performance and key performance indicators which highlight the results for the month and the year to date in comparison to budget.

During 2020, the Covid 19 pandemic had a significant impact on business volumes in core products for the lending companies within the White Oak Europe Limited Group (the 'Group'). As a result the Group took measures to bolster liquidity, migrate staff to working remotely, ensuring the safety of its staff, and manage down costs, including benefitting from the Coronavirus Job Retention Scheme which contributed £274,291 relating to 33 employees. No staff remained on furlough at the year end.

Through its lending companies, the Group was successful in becoming an accredited lender under the UK Governments Covid Business Interruption Lender Scheme (CBILS) and was able to provide significant support to its customers through the scheme and through offering forbearance support.

The Group continues to enjoy the support of its senior funding lines enabling it to continue to support customers with business as usual operations together with CBILS. The Company continues to provide origination services to the Group lending companies.

Since the year end, the UK is proceeding with a series of steps to emerge from the lock-down measures and has been successful in rolling out a Covid 19 vaccination program.

Through its lending companies, the Group has applied for accreditation for the CBILS successor scheme, the Recovery Loan Scheme, and expects accreditation to be granted soon.

The Group expects a recovery in its traditional lending products after the end of the CBILS scheme but these are unlikely to fully return to pre-Covid levels until 2022.

Going Concern

The financial statements have been prepared on a going concern basis. 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.

In making this decision the Directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet, future projections on profitability, cash flows and capital resources.

Specifically in relation to Covid-19, the Directors have reviewed and considered the Company's liquidity structure and resilience and are satisfied that the Company is well positioned to manage any ongoing impacts on new business volumes and potential for increased credit losses. The Company has successfully demonstrated operational capability, with all staff working remotely during the periods of lock-down during the financial year, and is well positioned to continue to support customers and the safety of staff in event of any further periods of remote working.

As a result of this assessment, the Directors are satisfied the Company has adequate resources to continue in business for at least 12 months following the year end date and therefore consider it appropriate to adopt the going concern basis of accounting in preparing the Company Financial Statements.

This report was approved by the board on 26 May 2021 and signed on its behalf.



A Gadsby
Director

Directors' Report

For the Year Ended 31 December 2020

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

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; and
- 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 Statement of Comprehensive Income on Page 10. The profit for the year, after taxation, amounted to £3,383,148 (2019: loss £4,922,289).

Directors

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

TA Davies

A Gadsby (appointed 26 June 2020)

J Felton (appointed 26 June 2020)

P Brereton (resigned 22 May 2020)

R Corcoran (resigned 18 June 2020)

C Heeley (resigned 29 June 2020)

C D'Amassa (resigned 4 March 2020)

C Richardson (appointed 26 June 2020, resigned 29 September 2020)

Directors' Report (continued)

For the Year Ended 31 December 2020

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 2020 (2019: £nil).

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 £9,442 (2019: £9,897).

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.

Auditor

Deloitte LLP was appointed as the Company's auditor for the year commencing 1 January 2020. 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 26 May 2021 and signed on its behalf.



A Gadsby
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 2020 and of its profit 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 21.

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

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.

Other information

The other information comprises the information, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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.

Extent to which the audit was considered 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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006 Act, Corporation Tax Act 2010 and Financial Conduct Authority (FCA) and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the recognition of commission income, specifically in relation to cut-off. In response, we performed specific testing of invoices raised and cash received in the month preceding and post 31 December 2020.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the FCA.

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

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

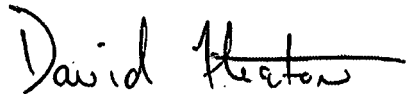
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- ☐ 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

27 May 2021

Statement of Comprehensive Income

For the Year Ended 31 December 2020

		2020	2019
	Note	£	£
Turnover	3	18,859,526	5,447,093
Cost of sales		(4,205,773)	(1,127,327)
Gross profit		14,653,753	4,319,766
Administrative expenses		(11,544,896)	(9,247,330)
Other operating income	4	274,291	-
Operating profit/(loss)	5	3,383,148	(4,927,564)
Profit/(loss) before tax		3,383,148	(4,927,564)
Tax on profit/(loss) on ordinary activities	8	4,857	5,275
Profit/(loss) for the financial year		3,388,005	(4,922,289)

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 14 to 24 form part of these financial statements.

Statement of Financial Position

As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	9	115,910	-
Tangible assets	10	41,420	68,603
		<hr/>	<hr/>
Current assets			
Debtors: Amounts falling due within one year	11	7,691,126	290,010
Cash at bank and in hand	12	61,481	118,622
		<hr/>	<hr/>
		7,752,607	408,632
Creditors: Amounts falling due within one year	13	(10,763,509)	(6,713,954)
		<hr/>	<hr/>
Net current liabilities		(3,010,902)	(6,305,322)
Debtors: Amounts falling due after more than one year	11	9,352	4,495
		<hr/>	<hr/>
Total assets less current liabilities		(2,844,220)	(6,232,224)
		<hr/>	<hr/>
Net liabilities		(2,844,220)	(6,232,224)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	50,000	50,000
Profit and loss account		(2,894,220)	(6,282,224)
		<hr/>	<hr/>
		(2,844,220)	(6,232,224)
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 May 2021.

A. Gadsby

A Gadsby
Director

The notes on pages 14 to 24 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2020

	Called up share capital	Profit and loss account	Total Equity
	£	£	£
At 1 January 2020	50,000	(6,282,224)	(6,232,224)
Comprehensive profit for the year			
Profit for the year	-	3,388,005	3,388,005
At 31 December 2020	<u>50,000</u>	<u>(2,894,220)</u>	<u>(2,844,220)</u>

For the Year Ended 31 December 2019

	Called up Share capital	Profit and loss account	Total Equity
	£	£	£
At 1 January 2019	50,000	(1,359,935)	(1,309,935)
Comprehensive loss for the year			
Loss for the year	-	(4,922,289)	(4,922,289)
At 31 December 2019	<u>50,000</u>	<u>(6,282,224)</u>	<u>(6,232,224)</u>

The notes on pages 14 to 24 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2020

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 the Company Information page. 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 financial statements have been prepared on a going concern basis. 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.

In making this decision the Directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet, future projections on profitability, cash flows and capital resources.

Specifically in relation to Covid-19, the Directors have reviewed and considered the Company's liquidity structure and resilience and are satisfied that the Company is well positioned to manage any ongoing impacts on new business volumes and potential for increased credit losses. The Company has successfully demonstrated operational capability, with all staff working remotely during the periods of lock-down during the financial year, and is well positioned to continue to support customers and the safety of staff in event of any further periods of remote working.

As a result of this assessment, the Directors are satisfied the Company has adequate resources to continue in business for at least 12 months following the year end date and therefore consider it appropriate to adopt the going concern basis of accounting in preparing the Company 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.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

1. Accounting policies (continued)

1.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Software development costs	3-5 years
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1.6 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 Statement of Comprehensive Income during the period in which they are incurred.

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 Statement of Comprehensive Income.

1.7 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.

1.8 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.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

1. Accounting policies (continued)

1.9 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.

1.10 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 Statement of Comprehensive Income.

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 reporting 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.

1.11 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.

1.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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 (continued)

For the Year Ended 31 December 2020

1. Accounting policies (continued)

1.13 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 Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.14 Interest income

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

1.15 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 Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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.

1.16 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 Statement of Comprehensive Income 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 substantially enacted by the reporting 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 reporting 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 reporting date.

1.17 Government grants

Government grants include grants receivable under the Coronavirus Job Retention Scheme. Grants are recognised using the accruals model whereby grants relating to revenue expenditure are recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

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.

Critical judgements in applying the Group's accounting policies

There are no critical judgements involved in applying the Group's accounting policies, apart from those involving estimations (which are dealt with separately below), which affect the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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 reporting 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:

	2020	2019
	£	£
Finance brokerage income	<u>18,859,526</u>	<u>5,447,093</u>

4. Other operating income

	2020	2019
	£	£
Other operating income	<u>274,291</u>	<u>-</u>

All other operating income to 31 December 2020 relates to income from the Coronavirus Job Retention Scheme (2019: nil). 33 employees were placed on furlough at some point during the year.

There are no unfulfilled conditions or other contingencies attaching to the grants recognised in income, and the Company has not directly benefited from any other forms of government assistance in this period.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

5. Operating profit/(loss)

The operating profit (2019: loss) is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation of tangible fixed assets	27,498	34,662
Loss on disposal of fixed assets	-	763
Defined contribution pension cost	336,594	213,427

Auditor's fees were borne by LDF Operations Ltd and for the year ended 31 December 2020, the amount relating to the Company was £21,450 (2019: £17,960). These costs were recharged in 2020 (2019: £nil).

6. Employee costs

Staff costs were as follows:

	2020	2019
	£	£
Wages and salaries	9,029,986	6,140,367
Social security costs	681,350	444,429
Cost of defined contribution pension scheme	336,594	213,427
	<u>10,047,930</u>	<u>6,798,223</u>

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

	2020	2019
	No.	No.
Front Office	98	89
Back Office	36	4
	<u>134</u>	<u>93</u>

7. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	507,552	256,210
Company contributions to defined contribution pension schemes	28,545	18,055
	<u>536,097</u>	<u>274,265</u>

During the year retirement benefits were accruing to 2 Directors (2019: 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £269,519 (2019: £208,710) including pension contributions of £17,680 (2019: £8,368).

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

8. Taxation

	2020 £	2019 £
Current tax:		
Adjustment in respect of previous periods	-	(2,792)
Total current tax	-	(2,792)
Deferred tax:		
Origination and reversal of timing differences	(4,455)	(5,211)
Adjustment in respect of previous periods	-	2,180
Effect of changes in tax rates	(402)	549
Total deferred tax:	(4,857)	(2,482)
Total tax per Statement of Comprehensive Income	(4,857)	(5,274)

Factors affecting tax charges for the year

The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	2020 £	2019 £
Profit/(loss) for the year	3,383,148	(4,927,564)
Tax on profit/(loss) at standard UK tax rate of 19% (2019: 19%)	642,798	(936,237)
Effects of:		
Group relief/other reliefs	(648,063)	930,327
Expenses not deductible	810	699
Adjustment from previous periods	-	(612)
Tax rate changes	(402)	549
Total tax credit for the year	(4,857)	(5,274)

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

9. Intangible assets

	Software costs £
Cost	
At 1 January 2020	-
Additions	129,100
At 31 December 2020	<u>129,100</u>
Amortisation	
At 1 January 2020	-
Charge for the year	13,190
At 31 December 2020	<u>13,190</u>
Net book value	
At 31 December 2020	<u>115,910</u>
At 31 December 2019	-

Intangible assets relate to capitalised software costs. Amortisation is shown within Administrative Expenses in the Statement of Comprehensive Income.

10. Tangible fixed assets

	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2020	66,744	45,910	39,958	152,612
Additions	-	315	-	315
At 31 December 2020	<u>66,744</u>	<u>46,225</u>	<u>39,958</u>	<u>152,927</u>
Depreciation				
At 1 January 2020	44,961	12,458	26,590	84,009
Charge for the period	11,532	6,604	9,362	27,498
At 31 December 2020	<u>56,493</u>	<u>19,062</u>	<u>35,952</u>	<u>111,507</u>
Net book value				
At 31 December 2020	<u>10,251</u>	<u>27,163</u>	<u>4,006</u>	<u>41,420</u>
At 31 December 2019	<u>21,783</u>	<u>33,452</u>	<u>13,368</u>	<u>68,603</u>

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

11. Debtors

	2020	2019
	£	£
Due after one year		
Deferred tax	9,352	4,495
Due within one year		
Trade debtors	7,637,487	250,568
Prepayments	45,549	29,742
Other debtors	8,090	9,700
Amounts owed by group undertakings	-	-
	<u>7,691,126</u>	<u>290,010</u>
	<u>7,700,478</u>	<u>294,505</u>

During the year the Company provided services on commercial terms in the ordinary course of business for White Oak UK (CBILS) Ltd and White Oak Commercial Finance Europe (Non-Levered) Ltd, who are related parties, at a cost of £7,379,989 (2019: £nil). Amounts owed by related parties at the reporting date were £7,379,989 (2019: £nil). These amounts all relate to trading balances.

12. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	<u>61,481</u>	<u>118,622</u>

13. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	175,772	61,791
Accruals and deferred income	1,715,650	1,717,484
Amounts due to group undertakings	8,684,112	4,748,815
Other creditors	187,975	185,864
	<u>10,763,509</u>	<u>6,713,954</u>

14. Financial instruments

	2020	2019
	£	£
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	7,637,487	250,568
Other financial assets including other debtors, amounts owed by group undertakings and cash and cash equivalents, that are measured at amortised cost	61,481	118,622
	<u>7,698,968</u>	<u>369,190</u>
Financial liabilities		
Financial liabilities that are external and internal financial debt liabilities including overdrafts, loans and borrowings, measured on an amortised cost basis	-	-
Other financial liabilities including trade and other payables, and amounts owed to group undertakings, that are measured on an amortised cost basis	8,859,884	4,810,606
	<u>8,859,884</u>	<u>4,810,606</u>

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

15. Deferred taxation

	2020	2019
	£	£
Asset at start of year	(4,495)	(2,012)
Adjustment in respect of prior years	-	2,180
Deferred tax charge to Statement of Comprehensive Income for the year	(4,857)	(4,663)
Asset at end of year	(9,352)	(4,495)

The asset for deferred taxation is made up as follows:

	2020	2019
	£	£
Fixed asset timing differences	(5,682)	(2,816)
Other timing differences	(3,670)	(1,679)
Deferred tax asset	(9,352)	(4,495)

16. Share capital

	2020	2019
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

17. Commitments under operating leases

During the year ended 31 December 2020 £190,652 (2019: £104,456) operating lease expense was recognised. There is no ongoing commitment under operating leases as at 31 December 2020.

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 £336,594 (2019: £213,427). All amounts were paid by 31 March 2021.

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 only 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 Dee House, St David's Park, Ewloe, Flintshire, CH5 3XF.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2020

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.

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.

21. Post Balance Sheet Events

In March 2021, Greensill Bank went into Administration. The Company provides brokerage to White Oak Commercial Finance Europe (Non-Levered) Limited (WOCFE) for which it is compensated on arms-length commercial terms. WOCFE relies on lending to Greensill Bank under a Receivables Purchase Agreement structure in order to generate profits. Full settlement on these fees and future servicing revenues remains uncertain whilst WOCFE works to resolve the recoverability of its assets with Greensill Bank. Debtors in the financial statements of £1,090,809 are currently recognised in full whilst WOCFE considers its position.