Registration Number 08668507

Landbay Partners Limited

Directors' Report and Financial Statements

for the year ended 31 December 2019

Company Information

Directors	J Goodall G Stern J Jenkins A Ward J H Cork M P Baptista
Secretary	R Bhopal
Company Number	08668507
Registered Office	60 7th Floor, Buckingham Palace Road London SW1W 0AH
Independent Auditor	Nexia Smith & Williamson Chartered Accountants Statutory Auditor 25 Moorgate London EC2R 6AY

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Strategic Report

For the year ended 31 December 2019

The Directors present their Strategic Report on Landbay Partners Limited ('the Company') for the year ended 31 December 2019.

Review of the business

Principal Activities and Business Review:

The Company is a BTL lending platform that originates and services mortgages on behalf of other financial institutions focused on the Prime Specialist BTL Market and lending them to borrowers in the form of residential mortgages to purchase or refinance Buy-To-Let (BTL) properties, predominantly by experienced landlords and professional investors.

During the year, the company took the decision to close the Retail P2P funding side of the business and focus solely on growing the institutional marketplace platform. The platform remains focused on BTL mortgages, albeit funded wholly by institutional funders. The direction of the business remains becoming the leading player within the buy-to-let mortgage sector.

The Company currently remains authorised by the FCA to operate an electronic platform relating to lending, although this is not mandatory for institutional lending activities. All lending continues to be directly secured by a first legal charge over the property, held in trust by a Security Trustee, across whole loans.

Signing of new £1bn institutional funding facility during the year strengthened diversification and funding and the ability to materially increase origination volumes. The strong pipeline at year end and applications levels run rate bode well for 2020, except for the impact of covid-19, as noted on page 21 of this report.

The Company continued to invest heavily during the year with revenue doubling on back of lending up 60% which increased to £230m. This was supported by continuing penetration of the intermediary distribution market and industry awards including Buy-to-Let Lender of the year and Deloitte top 20 fastest growing technology companies in the UK, for second year running.

Loan credit quality remained strong with very low defaults to date.

Risks and Uncertainties:

The Company is not exposed to direct risk of capital loss across borrower loans. Funders retain beneficial interest in the loans with the Company acting as agent in facilitating and administering the loans. The Company derives revenue from fees at loan inception and recurring margin throughout the loan term, with all lender funds held in segregated Client Accounts. All loans are subject to stringent credit and affordability criteria, secured against residential properties valued by an external firm of surveyors, who are subject to independent selection and monitoring by a Panel Manager. In the unlikely event of a borrower defaulting on repayments which cannot be recovered as a last resort the property is managed through receivership, or repossessed to repay the original loan capital plus arrears and costs, though this may still result in a shortfall. In common with the broader market, interest rate, liquidity and economic risks may affect revenue and loan performance.

The following key macro risks that can adversely affect our markets and business include:

- Changes in interest rates;
- Lack of liquidity and tighter lending criteria;
- Slowdown in the residential housing market;
- Slowdown in the private rental market;
- Changes in taxation policies and regulation; and
- Contagion from failure of other lending platforms or non-bank lenders

The above list of risks is meant to highlight, in addition to any noted elsewhere in this report, those we consider relevant today and not intended to be an exhaustive list of risks facing the business.

In addition to the regular Board and Executive Management meetings, the Company maintains Corporate Governance through various Governance Committees, including Credit Committee, Risk and Controls

Committee and Treasury and Financial Committee. These comprise stakeholders from across the business, chaired by Senior Management, and accountable to the Board for managing and reporting according to the Company's Risk Policies and Mandates.

Funding:

As in previous years, the business continued to raise equity from existing and new investors. The total raised during the year was £5.5m with a further raise of c £1.4m expected to be completed in 2020. The business maintained a strong financial position at the year end with positive cash reserves with no debt or other financial instruments on its balance sheet.

Lending in 2019 picked up significantly, with consistent quarter on quarter growth throughout the year supported by institutional funding facilities. Investment in the new technology significantly increased efficiencies and underpinned service levels as the business scales. A number of initiatives were successfully delivered during the year. Key indicators are summarised below.

	2019 Number	**2018 Number**
Loan book		
Flow – Loan completions (value and volume)	£232,342,787 on 914	£149,281,000 on 637
Stock – Loan book (value and volume)	£460,492,559 on 1,813	£231,907,000 on 1,036
Gearing - Loan to Value (LTV)	70%	72%

- Service - Processing efficiency from application to completion
- Diversification - Geographical distribution
- Affordability - Rental coverage

The specialist segment of the overall buy to let market continued to grow strongly, driven by professionalisation of the sector from regulatory and tax changes. Landbay is building a scalable, technology enabled and service focused lender with the aim to become the leading specialist BTL lender in the UK.

Landbay has built strong origination capabilities through the intermediary channel.

Landbay has a strong and experienced lending and management team and is a member of the Intermediary Mortgage Lenders Association and UK Finance.

The mortgage loan book grew significantly with new originations supported by low redemption rates. The overall BTL market gross lending grew slightly to c.£41bn (2018: c £37bn), however, the specialist lending market within this grew at a much faster rate with market changes driving additional lending from portfolio landlords. The Company continues to closely monitor and analyse the profile of Lenders to grow the base and value of funded accounts, helping to diversify funding sources for BTL lending.

Strategic Report (continued)
For the year ended 31 December 2019

Funding (continued):

Revenue doubled through robust growth in loan originations with improving margins by maintaining efficient funding and origination models. The increase in operational cash was re-invested into the business in key areas such as Technology, Operations, and Underwriting to maintain service standards and credit quality. Headcount increased by 50% to support continued growth. Given this investment to support 2020 and beyond, the business posted an operating loss for the year.

The quality of the mortgage loan book, based on the key metrics mentioned earlier, are monitored and controlled through prudent credit policies and underwriting processes. These are regularly reviewed and mandated at Credit Committee. The Loan to Value (LTV) and rental coverage of the whole portfolio remained comfortably within minimum criteria limits, supporting a fully performing book with no defaults. These metrics indicate the strong credit quality at the centre of our business model of consistent and sustainable returns for funders through the long term.

Review of strategy and business model

In common with high growth businesses the loss incurred in the year is driven by the Company's continuing investment in people, infrastructure and processes. As mentioned earlier, the company anticipates further strong growth with the business gradually moving towards profitability and operational cash generation.

Section 172 reporting

The Directors of the Company must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:
' A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.'

The company's directors have considered the above as detailed below:

- The likely consequences of any decisions in the long-term - The Executive Committee undertake monthly meetings in which the performance against budget and strategic plans of the business are considered in detail. The strategic goals are then discussed at regular Board meetings 6-8 times a year which are attended by the Directors. Certain matters are reserved for the Board. In making decisions concerning the ongoing operation of the business, the directors and the management team have regard to a variety of matters including the interests of its ultimate shareholders and the consequences of its decisions and the long term reputation of the business.
- The interests of the company's employees - The Directors are committed to ensuring a responsible business and to ensuring a behaviour which is aligned with the expectations of staff. Employee performance is monitored closely by the Board and remuneration of employees is aligned to the objectives of the Company. The Remuneration Committee assess and approve Executive remuneration under formal Terms of Reference.
- The need to foster the company's business relationships with suppliers, customers and others – The Executive management committee discuss any client complaints and supplier matters on a monthly basis and sooner if required. Beyond the management meetings there are regular Committees and team and departmental meetings, which the directors attend, where relationships, service levels and commitments with key third party providers are discussed.
- The impact of the company's operations on the community and environment – The company supports good causes and the welfare of our wider community with several fundraising initiatives throughout the year, including a Homeless Charity, which the Directors' believe is an important contribution, not only financially, but other areas such as skills and employment.

Strategic Report (continued)
For the year ended 31 December 2019

Section 172 reporting (continued)

- The desirability of the company maintaining a reputation for high standards of business conduct – The Board sets out the values and standards required of all employees in the staff handbook. All employees and Directors sign to confirm that they have read and understood the content of the handbook.
- The need to act fairly as between shareholders of the Company – The Directors are committed to openly engaging with the Company's shareholders and recognise the importance of a continuing effective dialogue. The Directors ensure that that shareholders understand the Company's strategy and objectives, through quarterly Investor Updates, in addition to regular news flow through other channels.

COVID-19

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organisation. Management implemented a number of initiatives to mitigate the short term trading impacts, mainly re-alignment of cost base and staff numbers with reduced volumes, as well as securing additional liquidity through commercial arrangements and accessing relevant governmental support schemes. These programmes reduced cash burn and enhanced liquidity to ensure an efficient operating model going forward (with capacity to reduce costs further if required).

The Board and Executive Management team implemented business contingency measures to respond to the Covid-19 challenges, specifically,

- The Board successfully triggered business continuity provisions in response to Government directives, ensuring its ability to maintain operations
- All staff were deployed to work successfully remotely and have full access to the company's technology platform that allows them to connect virtually and continue as normal on existing engagements and business development activities
- The board of directors and the management team are monitoring the welfare of staff on a regular basis including online employee surveys, weekly management communications and are providing them with the support they need to operate effectively from remote locations.

A review of the wider business operations and appropriate timing and quantum of further measures will continue to reflect market events and pace of recovery. The business will continue to focus investment in Underwriting, Operations and Technology teams to support the growth in the loan book over next 18 months.

The Directors have created a business plan considering multiple scenarios to ensure they have the tools available to adapt to varying circumstances and to act upon opportunities as they arise.

Combined with equity funding the Directors are of the view that the business can continue as a going concern in the foreseeable future. Details in respect of the going concern assessment are provided in the Directors' report.

This report was approved by the Board on 13 August 2020.

John Goodall
Director

Company Registered no. 08668507

Directors' Report

For the year ended 31 December 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Results and Dividends

The results for the year are set out in the Statement of Profit and Loss and Other Comprehensive Income on page 12. The Directors do not recommend a future payment of a dividend. The loss for the period was £3,205,821.

Future Developments

Whilst the overall BTL market is expected to show modest growth, the specialist mortgage market is expected to continue growing strongly. Projected growth in the private rental market with strong appetite from professional landlords combined with ongoing supply restrictions will continue to underpin lending.

Funding

As described in the Strategic Report, the Directors were at final stages of concluding further equity raise post year end to support the Company's ongoing growth. A total of £5.5m was raised in 2019 through new equity. The Company has no debt borrowings.

Employees

The Directors recognise the benefits which accrue from keeping employees informed on the progress of the business and involving them in the Company's performance. The Company is committed to providing equality of opportunity to all employees regardless of nationality, ethnic origin, age, sex or sexual orientation and continues to be supportive of the employment and advancement of disabled persons.

Health, Safety and the Environment

The Directors consider the health, safety and environmental protection aspects of the business to be of great importance, as the prevention of personal injury, the avoidance of damage to health and the protection of the environment are important business and social responsibilities. Management practices within the Company are designed to ensure so far as is reasonably practicable, the health, safety and welfare at work of employees, contractors and visitors and the implementation of environmentally aware and friendly policies.

Directors

The Directors who served during the year are detailed below:

J Goodall
G Stern
J Jenkins
A Ward
J H Cork
M P Baptista

Going concern

At the year end the Company had made a total comprehensive loss for the year of £3,205,821. In assessing the Company's going concern status, the Directors have considered the trading results since the year end, forecasted lending levels, the profit and loss forecast, the cash flow forecast, the Company's response to COVID-19 (as described in the Strategic Report) and the equity fundraise commenced post year end and are confident that the Company has adequate resources to be able to support growth, working capital commitments, regulatory capital requirements and to meet its obligations as they fall due for the foreseeable future.

Accordingly, the financial statements have been prepared on a going concern basis which the Directors consider appropriate in the circumstances.

Post balance sheet events

As noted in the Strategic Report, COVID-19 was declared a pandemic in March 2020. The Company's response to this event was described in the Strategic Report.
The company was in the process of raising further equity of approximately £1.4m at the time of signing.

Directors' Report (continued)
For the year ended 31 December 2019

Auditor
The auditor, Nexia Smith & Williamson, shall hold office subject to and in accordance with the provisions of sections 485 to 488 of the Companies Act 2006.

Disclosure of Information to auditors
Directors of the Company have confirmed that in fulfilling their duties as a director:

- so far as they are each aware, there was no relevant audit information of which the Company's auditor is unaware; and
- they have taken all reasonable steps that a director ought to have taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provision of s.418 of the Companies Act 2006.

This report was approved by the Board on 13 August 2020.

J Goodall

John Goodall
Director

Company Registered no. 08668507

Statement of Directors' Responsibilities

For the year ended 31 December 2019

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. 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 that the financial statements comply with IFRSs as adopted by the European Union; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The 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.

Nexia Smith & Williamson

Independent Auditor's Report to the Members of Landbay Partners Limited

Opinion

We have audited the financial statements of Landbay Partners Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Statement of Financial Position, the Statement of Cash Flow and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

Emphasis of matter - Impact of COVID 19 and going concern

We draw your attention to Note 2.2 to the financial statements which describes the impact of COVID-19 and management's assessment in respect of going concern. In assessing the Company's going concern status, the Directors have made two key assumptions:
- Expected lending levels - the Directors assumed that, starting January 2021, the levels of lending activity will return to those recorded by the company prior to the COVID-19 pandemic;
- Completion of current fundraise - the Company's going concern assessment includes the receipt of circa £1.4m from the currently ongoing equity fundraise.

Our opinion is not modified in respect of this matter.

Nexia Smith & Williamson

Independent Auditor's Report to the Members of Landbay Partners Limited (continued)

Other information

The other information comprises the information included in the Directors' Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 this regard.

Opinion 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Nexia Smith & Williamson

Independent Auditor's Report to the Members of Landbay Partners Limited (continued)

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, 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.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Nexia Smith & Williamson

Guy Swarbreck

Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

Date: 13 August 2020

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019

	Note	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Revenue	5	8,036,201	4,377,288
Cost of sales		(2,786,750)	(1,836,877)
Gross Profit		**5,249,451**	**2,540,411**
Other income		3,764	900
Administrative expenses		(9,129,477)	(4,326,330)
Loss on ordinary activities before tax	8	**(3,876,262)**	**(1,785,019)**
Taxation	9	670,441	338,826
Loss for the year after tax		**(3,205,821)**	**(1,446,193)**
Other comprehensive income		-	-
Total comprehensive loss for the period	19	**(3,205,821)**	**(1,446,193)**

All income relates to continuing operations.

The notes on pages 16 to 31 form part of these financial statements.

Statement of Changes in Shareholders' Equity
As at 31 December 2019

	Share capital	Share premium	Deferred consideration reserve	Retained earnings	Share option reserve	Total equity
	£	£	£	£	£	£
Balance at 1 January 2018	1,719	6,946,681	834,966	(6,309,490)	59,917	1,533,793
Total comprehensive loss for the year	-	-	-	(1,446,193)	-	(1,446,193)
Conversion to new ordinary shares	39	499,941	(499,980)	-	-	-
Issue of new ordinary shares	161	2,048,212	-	-	-	2,048,373
Deposits received	-	-	250,000	-	-	250,000
Cancellation of deferred consideration	-	-	(265,000)	-	-	(265,000)
Share based payment charge	-	-	-	-	-	-
Balance at 31 December 2018	**1,919**	**9,494,834**	**319,986**	**(7,755,683)**	**59,917**	**2,120,973**
Total comprehensive loss for the year	-	-	-	(3,205,821)	-	(3,205,821)
Reversal of share option reserve	-	-	-	59,917	(59,917)	-
Issue of new ordinary shares	292	5,785,728	-	-	-	5,786,020
IFRS 16 adjustment	-	-	-	(29,864)	-	(29,864)
Cancellation of deferred consideration	-	-	(319,986)	-	-	(319,986)
Share based payment charge	-	-	-	-	-	-
Balance at 31 December 2019	**2,211**	**15,280,562**	**-**	**(10,931,451)**	**-**	**4,351,322**

The notes on pages 16 to 31 form part of these financial statements.

Statement of Financial Position
As at 31 December 2019

	Note	31 December 2019 £	31 December 2018 £
Assets			
Non-current assets			
Intangible assets	11	2,957,569	1,903,378
Property, plant and equipment	12	1,567,592	165,994
Investments	13	1,000	1,000
Other receivables	14	321,312	128,535
		4,847,473	2,198,907
Current assets			
Trade and other receivables	14	1,353,541	787,546
Cash and cash equivalents	15	1,235,732	189,872
		2,589,273	977,418
Total assets		7,436,746	3,176,325
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	16	2,211	1,919
Share premium	17	15,280,562	9,494,834
Deferred consideration reserve	18	-	319,986
Share option reserve		-	59,917
Retained earnings	19	(10,931,451)	(7,755,683)
Total equity		4,351,322	2,120,973
Liabilities			
Current liabilities			
Trade and other payables	20	1,825,188	1,055,352
Finance lease liability	20	556,481	-
		2,381,669	1,055,352
Non-current liabilities			
Finance lease liability	21	703,755	-
Total liabilities		3,085,424	1,055,352
Total equity and liabilities		7,436,746	3,176,325

These financial statements have been approved for issue by the Board of Directors on 13 August 2020 and signed on behalf by:

John Goodall
Director

Company Registered no. 08668507

The notes on pages 16 to 31 form part of these financial statements.

Statement of Cash Flows
For the year ended 31 December 2019

	Note	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Cash flow from operating activities			
Net cash used in operating activities	22	(1,518,976)	(1,082,390)
Corporation tax credit received		338,826	222,407
		(1,180,150)	(859,983)
Cash flow from investing activities			
Payments for property, plant and equipment		(920,079)	(202,083)
Payments for intangible assets		(2,118,319)	(1,084,774)
Proceeds on disposal		-	3,505
Net cash used in investing activities		(3,038,398)	(1,283,352)
Cash flow from financing activities			
Proceeds from issue of shares		5,610,221	1,783,373
Proceeds received in advance of shares to be issued		-	250,000
Repayment of finance leases		(345,822)	-
Net cash generated from financing activities		5,264,399	2,033,373
Net increase in cash		**1,045,860**	**(109.962)**
Cash and cash equivalents at beginning of period		189,872	299,834
Cash and cash equivalents at end of period	15	**1,235,732**	**189,872**

The notes on pages 16 to 31 form part of these financial statements.

Notes to the Financial Statements

For year ended 31 December 2019

1. General information
Landbay Partners Limited, a private limited company, limited by shares, incorporated in England and Wales, is an online marketplace mortgage lender and lending them out as residential mortgages to borrowers for the purchase or refinance of Buy-To-Let ('BTL') properties, predominantly to experienced landlords and professional investors. The address of its registered office is 60 7th Floor, Buckingham Palace Road, London, SW1W 0AH.

2. Summary of significant accounting policies
The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of preparation
The financial statements of Landbay Partners Limited have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and in accordance with the Companies Act 2006 as applicable to companies reporting under IFRS. The Company's financial statements have been prepared under the historical cost convention and on a going concern basis.

The financial statements have been prepared in accordance with IFRS issued and effective or issued and early adopted as at the time of preparing these financial statements.

The financial statements present information about the Company and not its group. The Company has taken advantage of the exemption to not produce consolidated financial statements in accordance with s.402 of the Companies Act 2006 as, in accordance with s.405 of the Companies Act 2006, a subsidiary undertaking may be excluded from consolidation if its inclusion is not material for the purpose of giving a true and fair view.

Changes in accounting policies and disclosures

a) New and amended Standards and Interpretations adopted by the company

The company had adopted IFRS 16 "Leases" for the first time this period. The new standard requires additional disclosures which have been provided in note 27.

b) New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 January 2019 but not currently relevant to the Company

The following new and amended Standards and Interpretations are not currently relevant to the Group or Company; however they may have a significant impact in future years:

- Annual improvements to IFRSs 2014-2017 cycle
- Amendments to IFRS 4: Applying IFRS 9 with IFRS 4
- Amendments to IAS 40: Transfers of investment property
- IFRIC 22 Foreign currency transactions and advance consideration

Notes to the Financial Statements (continued)

2.2 Going concern

At the year end the Company had made a total comprehensive loss for the year of £3,205,821.

In assessing the Company's going concern status, the Directors have made the following key assumptions:

- The forecasted levels of lending activity – based on observed current levels of activity, the Directors are confident that starting January 2021, the levels of lending activity will return to those recorded by the company prior to the COVID-19 pandemic (the Company's response to COVID-19 is described below);
- Completion of current fundraise – based on historic track record and pledges received for the current fundraise, the Directors are confident that the Company will raise circa £1.4m from the currently ongoing fundraise.

The Directors also considered the trading results since the year end, the profit and loss forecast, the cash flow forecast and the Company's response to COVID-19.

Based on the above, the Directors are confident that the Company has adequate resources to be able to support growth, working capital commitments, regulatory capital requirements and to meet its obligations as they fall due for the foreseeable future.

COVID-19

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organisation. Management implemented a number of initiatives to mitigate the short term trading impacts, mainly re-alignment of cost base and staff numbers with reduced volumes, as well as securing additional liquidity through commercial arrangements and accessing relevant governmental support schemes. These programmes reduced cash burn and enhanced liquidity to ensure an efficient operating model going forward (with capacity to reduce costs further if required).

The Board and Executive Management team implemented business contingency measures to respond to the Covid-19 challenges, specifically:

- The Board successfully triggered business continuity provisions in response to Government directives, ensuring its ability to maintain operations
- All staff were deployed to work successfully remotely and have full access to the company's technology platform that allows them to connect virtually and continue as normal on existing engagements and business development activities
- The Board of directors and the management team are monitoring the welfare of staff on a regular basis including online employee surveys, weekly management communications and are providing them with the support they need to operate effectively from remote locations.
- Programme of cost mitigation measures implemented to reduce cash burn and enhance liquidity in the short-medium term.
- Reduction in overheads and deferral of non-committed spend
- An ongoing review of the business operations and appropriate timing of further measures to reflect market events
- Strengthening of servicing and arrears management to maintain credit performance
- Acceleration of revenue streams
- Equity funding raise post year end

Based on the above assessment, the financial statements have been prepared on a going concern basis which the Directors consider appropriate in the circumstances.

Notes to the Financial Statements (continued)

2.3 Revenue recognition
Revenue represents interest and fees receivable from Lenders and borrowers for the arranging of finance.

Application fees
Fees are due from borrowers upon acceptance of loan offers. They are non-refundable and therefore recognised as revenue irrespective of whether the loan completes.

Product fees
Fees are due from borrowers and lenders at loan completion, which in most cases are added to the loan. They are recognised in full as revenue at loan completion.

Platform fees
The Company acts as the administrator of the loans and collects interest on behalf of the Lenders. Interest is receivable from borrowers throughout the term. Part of this interest is payable to the Company as a platform fee and recognised as revenue in the period due. The balance of interest is paid to the Lenders and is not recognised by the Company. The Company has no beneficial interest in or derives any other economic benefit from the loan. It does not bear any risk of loss other than the forgone platform fees.

2.4 *Financial instruments*
Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets
Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price as defined in IFRS 15, as the contracts of the company do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less.

Financial liabilities and equity
Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans are initially recorded at fair value, which is ordinarily equal to the proceeds received net of transaction costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Notes to the Financial Statements (continued)

2.5 Intangible Assets
An internally generated asset arising from the Company's development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new systems);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated assets are amortised on a straight line basis over their expected useful lives as follows:

Software	3 years

The Company undertakes the development of software and, as such, capitalises the work performed in the course of the development projects. Directly attributable costs are capitalised in relation to the development of software and will be amortised over the useful life of the software once fully developed for its intended use. Development is now delivered in agile 'sprints' over quarterly periods to reflect the mature nature of the platform and functionality enhancements.

2.6 Property, plant and equipment
Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost of tangible fixed assets to their estimated residual value by equal annual instalments over their expected useful economic life as follows:

Computer equipment	3 years
Fixtures & fittings	3 years
Leasehold Improvements	5 years
Right of use asset	Over the term of the lease

2.7 Investments
The investment in the unlisted subsidiary undertaking is carried at cost less provision for impairment in value.

2.8 Taxation
The tax expense represents the sum of the tax currently payable and any deferred tax. The current tax charge is based on the taxable profit or loss for the year. Taxable profit differs from net profit as reported in Statement of Profit or Loss and Other 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 year end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to Profit or Loss, except when it relates to items charged or credited directly to Other Comprehensive Income, in which case the deferred tax is also dealt with in Other Comprehensive Income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied.

Notes to the Financial Statements (continued)

2.9 Share based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the profit or loss account. The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non-market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in the Profit or Loss account, with a corresponding adjustment to equity.

2.10 Leases

Accounting policy applicable before 1 January 2019

Operating lease payments are charged to the Statement of Profit or Loss on a straight line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight line basis over the lease term.

Accounting policy applicable after 1 January 2019

IFRS 16 was adopted as of 1 January 2019 and comparative figures restated. See note 27 for details of the transition.

A right of use asset and a lease liability has been recognised for all leases. The right-of-use asset has been measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The company will depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Where impairment indicators exist, the right of use asset will be assessed for impairment.

The lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease if that rate is readily available or the company's incremental borrowing rate.

After initial measurement, any payments made will reduce the liability and the interest accrued will increase it. Any reassessment or modification will lead to a remeasurement of the liability. In such case, the corresponding adjustment will be reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

On the Statement of Financial Position, right-of-use assets have been included in plant and equipment.

2.11 Research and development

Research expenditure is charged to the Profit or Loss account in the period in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset is met. Other development expenditure is recognised in the Profit or Loss account as it is incurred.

Notes to the Financial Statements (continued)

3. Financial risk management
The Company uses a limited number of financial instruments, comprising cash, short-term deposits, bank loans and overdrafts and various items such as trade receivables and payables, which arise directly from operations. The Company does not trade in financial instruments.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) Credit risk
The Company has no significant concentrations of credit risk and has policies in place to ensure that sales are made to customers with an appropriate credit history.

b) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. The Company ensures it has adequate cover through the availability of bank overdrafts and loan facilities with related parties.

c) Cash flow risk
Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Total cash and cash equivalents held by the Company at 31 December 2019 was £1,235,732 (2018: £189,872).

4. Critical accounting judgements and key sources of estimation uncertainty
The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the year-end date and the reported amounts of revenues and expenses during the reporting period.

In the opinion of the Directors, key judgements and estimates include:

- The assumptions relating to the forecasted levels of lending post year end – management have forecasted these based on observed current levels of lending. These represent a key estimate, as they support the carrying value of the intangible asset and the post year end impairment review, as well as the going concern assessment;
- The expected useful life of intangible assets (see note 2.5) – this represents managements best estimate in respect of the period over which the asset is expected to contribute the future cash flows of the Company;
- The likelihood that share option vesting conditions will be met (see note 7) - The share options issued by the Company are only exercisable in the event of a sale or listing of the Company. Management deem that a sale or listing of the Company is not probable.

Notes to the Financial Statements (continued)

5. Turnover

	2019 £	2018 £
Product, platform and application fees	8,036,201	4,377,288
Turnover	8,036,201	4,377,288

6. Employee benefit expenses

Staff costs for the Company during the year	2019 £	2018 £
Wages and salaries	5,216,118	2,493,792
Social security costs	637,975	291,146
Other pensions costs	246,715	145,951
	6,100,808	2,930,889

Average number of people (including executive directors) *employed by the Company during the year was*	2019 Number	2018 Number
Operational and Risk	43	20
Technology	25	12
Sales and Marketing	8	8
Administration	4	3
	80	43

6a. Directors' emoluments

	2019 £	2018 £
Remuneration and other emoluments	472,936	344,412
	472,936	344,412

6b. Highest paid director

	2019 £	2018 £
Amounts included above:		
Emoluments and other benefits	207,244	149,036
	207,244	149,036

Notes to the Financial Statements (continued)

7. Share based payments

Warrants

On 1 July 2016, warrants were granted to a shareholder at an exercise price of £0.01. The warrants were issued in relation to services provided under certain commercial agreements and are conditional on certain thresholds being achieved of introduced investments onto the Company's platform. The warrants are exercisable at any time on or after the vesting date. Any unexercised warrants will expire on 1 July 2021 or in the event of the commercial agreements being terminated prior to the expiry date, 90 days after the termination date.

The Zoopla warrants were cancelled by mutual agreement due to the low levels of activity.

Share options

The Company has a HMRC approved share option scheme for certain employees. The options are only exercisable in the event of a sale or listing of the Company and will be settled in equity once exercised. Options are forfeited if an individual leaves the Company before the options vest and if the options remain unexercised after a period of 10 years from the date of grant, they will expire. Since no sale or listing of the Company is considered probable, no charge has been recognised for share based payments (2018: £Nil).

An additional Growth Shares Scheme was implemented during the year. Members of the Executive management team participate in what is commonly referred to as a "growth" share plan operated by Landbay Partners Limited ("the Company").Growth shares entitle the holder to participate in the future growth in the Company's value when an exit event is achieved (e.g. an IPO, liquidation or change of control). The proportion of proceeds attributable to the growth shares will increase when the exit value surpasses certain thresholds.

The eligible holders acquire options over the growth shares under an EMI scheme. The shares will be created in the form of 3 separate classes of shares known as C, D and E shares (at the point of exercise). Growth shares will carry no voting rights.

During the year company effected share split from 1-100, as shown in note 16. Accordingly, the number of comparative share options for the prior year has been updated to reflect this change.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2019		2018	
	Average exercise price per share option £	Number of options	Average exercise price per share option £	Number of options
At 1 January	0.22	2,660,500	0.26	3,271,300
Granted	0.31	1,304,000	1.28	184,000
Expired	0.72	(1,230,000)	0.67	(777,800)
Exercised	-	-	0.0001	(17,000)
At 31 December	**0.04**	**2,734,500**	**0.22**	**2,660,500**

Notes to the Financial Statements (continued)

7. Share based payments (continued)

Out of the 2,734,500 (2018: 2,660,500) outstanding options, no options (2018: no options) were exercisable as at 31 December 2019.

Share options outstanding at year end have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price £	Share options 2019 Number	Share options 2018 Number
23 December 2015	23 December 2025	0.5244	716,500	716,500
1 July 2016	1 July 2018	0.0001	-	-
1 July 2016	1 July 2019	0.0001	-	603,700
1 July 2016	1 July 2020	0.0001	-	603,800
28 October 2016	28 October 2026	0.8532	115,000	115,000
22 December 2017	22 December 2027	0.913	427,500	437,500
22 December 2018	22 December 2028	1.282	171,500	184,000
22 November 2019	22 November 2029	1.810	1,304,000	-
			2,734,500	**2,660,500**

8. Loss for the year before tax

The loss for the year has been stated after charging the following:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Amortisation of intangible assets	1,057,502	354,430
Depreciation of property, plant and equipment	566,966	58,297
Auditor's remuneration	29,650	20,885
Auditor's remuneration – non audit:		
- other assurance related services	20,897	6,700
- accounts preparation	4,520	3,230
- tax compliance	2,952	2,925
- other tax services	32,725	-
Operating leases – land and buildings	-	87,988
Operating leases – other	-	73,332

Notes to the Financial Statements (continued)

9. Taxation

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Current tax		
Current tax credit for the year	(670,441)	(338,826)
Tax credit on loss on ordinary activities	**(670,441)**	**(338,826)**

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK of 19% (2018: 19.00%) as follows:

Tax on loss on ordinary activities

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Loss on ordinary activities before tax	(3,876,262)	(1,785,019)
Tax on ordinary activities at standard rate of UK corporation tax of 19% (2018: 19%)	(736,490)	(339,154)
Effects of:		
- - expenses not deductible for tax purposes	20,343	16,706
- - income not taxable	(2,554)	(193,153)
- - fixed assets differences	6,147	347,379
- - adjustment to losses	-	(77,518)
- - adjustment to tax charge in respect of previous periods	7,655	-
- surrender of tax losses for R&D tax credit refund	210,440	105,153
- additional deduction for R&D expenditure	(502,210)	(250,945)
- adjustments in respect of previous periods	(3,120)	-
- adjust closing deferred tax to average rate of 19%	136,564	95,583
- adjust opening deferred tax to average rate of 19%	(101,896)	(88,036)
- deferred tax not recognised	294,680	45,159
Total tax credit	(670,441)	(338,826)

10. Deferred tax

Deferred tax assets have not been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets as it is not deemed probable that these assets will meet the recognition criteria of IAS 39, given the uncertainty of profits being made in the foreseeable future against which the tax losses could be utilised.

A deferred tax asset of £1,160,792 (2018: £808,820) would have been recognised at year end based on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit

Notes to the Financial Statements (continued)

11. Intangible assets

Intangible assets at 31 December 2019 comprise:

	Software £
Cost	
At 1 January 2019	2,526,775
Additions	2,118,319
Disposals	-
Reclassification	(7,654)
At 31 December 2019	4,637,440
Amortisation	
At 1 January 2019	(623,397)
Amortisation charged in the year	(1,057,502)
Reclassification	1,028
At 31 December 2019	(1,679,871)
Net book amount	
At 31 December 2019	2,957,569
At 31 December 2018	1,903,378

Capitalised costs are amortised from when development phases are deployed in the business. Previously, development periods were typically 9-12 months. As the business scales and systems have grown, functionality is now delivered over shorter periods, or sprints, typically 3 months. Amortisation is therefore now charged earlier as enhancements are brought into production. The useful life remains unchanged at 3 years.

12. Property, plant and equipment

Property, plant and equipment at 31 December 2019 comprise:

	Computer equipment £	Fixtures & fittings £	Leasehold improvements £	Leasehold property £	Total £
Cost					
At 1 January 2019	139,570	105,009		457,006	709,239
Reclassification			7,654		
Additions	104,953	204,298	135,776	1,069,152	1,514,179
Disposals	-	(11,383)	(214)	-	(11,597)
At 31 December 2019	244,523	297,924	143,216	1,526,158	2,211,821
Depreciation					
At 1 January 2019	(51,446)	(27,139)		-	(79,613)
Reclassification			(1,028)		
On disposals	-	2,329	21	-	2,350
Charge for year	(63,278)	(74,336)	(28,197)	(401,155)	(566,966)
At 31 December 2019	(114,724)	(99,146)	(29,204)	(401,155)	(644,229)
Net book amount					
At 31 December 2019	129,799	198,777	114,012	1,125,003	1,567,592
At 31 December 2018	88,124	77,870	6,626	457,006	629,626

Notes to the Financial Statements (continued)

13. Investments

	31 December 2019 £	31 December 2018 £
Investments in subsidiary	1,000	1,000

On 12 July 2016 the Company incorporated Landbay Asset Management Limited (formerly Landlock Limited) with 1,000 £1 Ordinary shares.

Subsidiary undertakings

At 31 December 2019 the Company's subsidiary undertaking was as follows:

Company	Landbay Asset Management Limited
Principal place of business and country of incorporation	UK
Registered Address	7th Floor 60 Buckingham Palace Road London SW1W 0AH
Ownership	100%

Landbay Asset Management Limited has not traded in the year to 31 December 2019. Net asset as at 31 December 2019 and 31 December 2018 amounted to £5,226.

14. Trade and other receivables

	31 December 2019 £	31 December 2018 £
Amounts due in less than one year:		
Trade receivables	137,896	124,312
Other receivables	93,060	39,676
Prepayments and accrued income	452,144	284,732
Corporation tax repayment	670,441	338,826
	1,353,541	787,546
Amounts due in more than one year:		
Other receivables	321,312	128,535

The Directors do not consider any impairment provision is necessary against the above assets and consider that the carrying amount of the Company's receivables is a reasonable approximation of their fair value.

Notes to the Financial Statements (continued)

15. Cash and cash equivalents

	31 December 2019 £	31 December 2018 £
Cash at bank and on hand	1,235,732	189,872

Client money

The Company holds money on behalf of some clients in accordance with the Client Money rules of the Financial Conduct Authority. Such monies and the corresponding amounts due to clients are not shown on the face of the Statement of Financial Position as the Company is not beneficially entitled thereto. Money held on behalf of clients at the end of the financial year amounted to £6,102,638 (2018: £4,757,387).

16. Share capital

Ordinary shares of £0.0001 each	2019 Number	2019 £	2018 Number	2018 £
Allotted and fully paid:				
At 31 December	22,123,300	2,211	19,209,700	1,919

During the year there was a 100:1 share sub-division to improve the liquidity of shares in circulation.

17. Share premium

Ordinary shares of £0.01 each	2019 Number	2019 £	2018 Number	2018 £
Share premium:				
At 31 December	22,123,300	15,280,562	19,209,700	9,494,834

The Share premium account is used to record the aggregate amount or value of premiums paid above nominal value when the Company's shares are issued at a premium.

During the period, 2,913,600 shares were issued for consideration of £5,786,020. No transaction costs were incurred on the issue of these shares.

18. Deferred consideration reserve

	2019 £	2018 £
At 1 January	319,986	834,966
Shares issued	(305,797)	(499,980)
Amounts deposited	130,000	250,000
Amounts cancelled	(144,189)	(265,000)
At 31 December	-	319,986

This Deferred consideration reserve is used to record equity funding received in consideration for shares to be issued at a future date to one of the existing shareholders who is also a director of the Company.

Notes to the Financial Statements (continued)

18. Deferred consideration reserve (continued)

When shares are subsequently issued, a transfer is made to share capital and share premium reserves accordingly.

Amounts cancelled in the year relate to deferred consideration cancelled because the subscriber for the shares was allotted less shares than their full application.

19. Reserves

Retained earnings	**31 December 2019 £**	**31 December 2018 £**
Balance brought forward	(7,755,683)	(6,309,490)
Total comprehensive loss for the period	(3,205,821)	(1,446,193)
Forfeiture of warrants (see note 7)	59,917	-
IFRS 16 adjustment (see note 27)	(29,864)	-
Balance carried forward	(10,931,451)	(7,755,683)

Retained earnings are the accumulated, undistributed profits and losses of the Company that have been recognised through the Statement of Profit and Loss and Other Comprehensive Income.

20. Trade and other payables due in less than 1 year

	31 December 2019 £	**31 December 2018 £**
Trade payables	887,785	546,253
Other taxes and social security	169,290	234,120
Accruals and other payables	719,758	274,979
Finance lease liability	565,481	-
Other creditors	39,355	-
	2,381,669	1,055,352

All trade and other payables are denominated in UK Sterling.

The Directors consider that the carrying amount of trade and other payables is a reasonable approximation of their fair value.

21. Trade and other payables due in more than 1 year

	31 December 2019 £	**31 December 2018 £**
Finance lease liability	703,755	-
	703,755	-

Notes to the Financial Statements (continued)

22. Notes to the cash flow statement

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Cash used in operations		
Operating loss for the year	(3,205,820)	(1,785,019)
Adjustments for:		
- - Depreciation	554,696	58,297
- - Amortisation	1,057,501	355,430
Changes in working capital		
- - Increase in trade and other receivables	(1,220,227)	(335,059)
- - Increase/(Decrease) in trade and other payables	1,294,924	623,961
Net cash used in operating activities	(1,518,976)	(1,082,390)

23. Related parties

Transactions with related parties during the year
Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. In the opinion of the Board, the Company's key management comprises the Directors and information regarding their emoluments stated in accordance with IFRS is set out in Note 6a.

The Company received a payment of £130,000 (2018: £250,000) from a director in consideration for shares to be issued at a future date. The company cancelled shares to be issued at a future date to a director amounting to £144,189 (2018: 265,000) and issued shares amounting to 305,797. In 2018 the share issued in the year were oversubscribed, the director was not allotted the full complement of shares they applied for, as such £265,000 was returned to them in cash.

As at 31 December 2019, Landbay Asset Management Limited owed £Nil (2018: £3,739) to the Company.

During the year a related party by virtue of common directorship acted as a loan servicer for the company. Fees charged for providing these services amounted to £212,628 (2018: £196,878). As at 31 December 2019 the company owed amounts to the related party totalling £23,231 (2018: £52,251).

24. Financial instruments

The Company's financial instruments comprise cash and cash equivalents and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations. The Company's operations expose it to a variety of financial risks including market, interest rate and liquidity risks. The management of these risks is vested in the Board.

Market risk
The most significant areas of market risk to which the Company is exposed are changes in the residential housing market and private rental market.

Interest rate risk

The Company is exposed to interest rate risk to the extent that changes to interest rates could offer alternative options for lenders to deposit their funds therefore impacting funding for mortgage lending.

Liquidity risk
The Company seeks to manage liquidity risk to ensure that sufficient liquidity is available to meet foreseeable needs. The Company deems there is sufficient liquidity for the foreseeable future. Trading assets and liabilities have not been analysed by contractual maturity because trading assets and liabilities are typically held for short periods of time.

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

The Company had cash and cash equivalents at 31 December 2019 as set out on the Statement of financial position.

Capital risk management
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide optimal returns for the shareholders. The Company defines capital as being share capital, deferred consideration reserve, share premium and retained earnings.

Capital amounts to £4,351,322 at 31 December 2019 (2018: £2,061,056).

The adequacy of the Company's financial resources position is managed and monitored in accordance with the FCA rules. The Company must at all times meet the relevant minimum financial resource requirements. The Company is required to maintain a prescribed excess of total financial resources over its financial resource requirements.

25. Ultimate controlling party

In the opinion of the Directors there is no ultimate controlling party of Landbay Partners Limited. The day to day management of the Company is controlled by the Board of Directors.

26. Post balance sheet event

As at July 2020 the Company was in the process of concluding further equity funding round with expected commitments of £1.4m.

27. Lease commitments

Operating lease commitments

At the year end, the company had outstanding commitments for future minimum lease payments and other costs under non-cancellable leases as follows:

	31 December 2019 £	31 December 2018 £
Future minimum lease payments under non-cancellable operating leases:		
Within one year	-	22,000
Between 2 and 5 years	-	571,893
	-	593,893

Finance lease commitments

	31 December 2019 £	31 December 2018 £
Future minimum lease payments under non-cancellable leases:		
Within one year	556,481	-
Between 2 and 5 years	703,755	-
	1,269,236	-

Notes to the Financial Statements (continued)

27. Lease commitments (continued)

Adoption of IFRS 16

IFRS 16 eliminates the classification of leases as operating leases or finance leases and treats all in a similar way to finance leases. It replaced IAS 17 Leases and related interpretations.

i. Explanation of changes in accounting policies

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Previously, the Company classified property lease as operating leases under IAS 17. Under IAS 17, such lease payments were recognised on a straight line basis over the lease term and the leases were effectively 'off balance sheet'. On transition, for this lease, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Companies' incremental borrowing rate (IBR) as at 1 January 2019. The weighted average IBR applied to leases at 1 January 2019 was 5%.

A right of use asset has been recognised using the modified retrospective approach as if the new rules had always been applied.

The impact of transition to IFRS 16 on retained earnings at 1 January 2019 wholly relates to the change in policy for the recognition of long term property as explained above.

	£
Operating lease commitment disclosed at 31 December 2018	593,893
Exemption for short term leases and leases of low value	(22,000)
Discounted using the incremental borrowing rate at 1 January 2019	(87,023)
Lease liability at 1 January 2019	486,870