
CROWD PROPERTY LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

CROWD PROPERTY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

About Crowd Property

CrowdProperty (www.crowdproperty.com) is the UK's leading specialist property development lending platform.

Founded in 2013 and lending since 2014, CrowdProperty's mission is to transform property finance to unlock the potential of small and medium sized property developers to build more much needed, under-supplied homes, helping them grow their businesses quicker and drive spend in the economy on labour, materials and services.

Residential property development finance for SME developers has been the consistent and sole strategic focus of the business, with a distinct 'property finance by property people' borrower-side positioning with both direct and intermediated routes to the large and fragmented market.

Actual property development and investment expertise lies at the heart of the business, meaning the business intimately understands the market pain and needs of small and medium sized property developers. These needs are served with a strong customer-centric proposition, leveraging technology for efficiency and expertise for effectiveness of lending, with significant ongoing investment in the underlying technology platform and expertise within the business.

CrowdProperty has now funded the development of £820,000,000 of property projects, the construction of 3,460 homes, agreed £470,000,000 of facilities and lent over £370,000,000, expertly curated from over £14bn of funding applications. CrowdProperty has now repaid over £220,000,000 to investors with average realised returns of 7.96%.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Business Performance

The financial year ending 31st March 2023 delivered a 43% increase in revenue vs 21/22 restated accounts, and a 214% increase in operating profit (£1,184k in 22/23 vs £377k 21/22 restated). This is the third consecutive, and most profitable year for CrowdProperty, despite ongoing long-term investment in future scalability and talent. 3-year revenue growth has been 291%. Through the last 3 years, CrowdProperty has grown the total value of projects funded by 214%, total facilities originated by 216% and capital lent by 233%.

Through the financial year, lending grew 48% 22/23 H1 on 21/22 H1, although despite still growing in 22/23 H2, growth was less pronounced following market uncertainty post mini-budget. Throughout both halves of the year, CrowdProperty continued to considerably grow both the total value of applications and average quality of applications from strategically developing both the direct and intermediated routes to market, representing significant share growth of overall property development finance applications. Consistently with the market, H2 applications gestated for longer in the pipeline as developers kept a watching brief on the moving macro environment.

On the capital side, CrowdProperty added both a UK bank and British Business Investments (a commercial subsidiary of the British Business Bank, the UK government's economic development bank) to the growing list of institutional capital partners, further diversifying capital sources across platform investors and institutions, as per our strategy.

Ongoing investment to build further scalability into the business centred around our key strategic pillars:

- Strong People & Culture: Attracting ever deeper market expertise across all functions, developing our staff and further embedding the high performing culture in the business.

- Scalable Systems & Processes: Further developing the proprietary technology platform and scalable operating model.

- Robust Governance & Control: Building deeper hierarchical data/analytics/governance underpinning the robust and sustainable scaling of the business.

- Exceptional Customer Relationship Management: Delivering brilliantly for our customers whilst further optimising unique market reach and powerful unit economics.

Market

Whilst the economic backdrop, especially since October 2022, has been volatile with rapidly changing central bank interest rates in response to inflation, there are many fundamentals as to why this country needs more homes and how undersupply persists. Critical to housing supply is our target market - the small and medium sized developer - given the plentiful supply of small / medium site opportunities. The business carefully monitors the end market for our asset class and property development economics, overviews of which are published in monthly State of the Market reports (distributed to registered customers and published on our blog at www.blog.crowdproperty.com). CrowdProperty is proceeding with caution in the market, underpinned by long-proven underwriting due diligence and portfolio management rigour, although does see significant opportunity ahead to support more quality developers undertaking quality property projects. Proven application growth demonstrates deeper market penetration, as well as furthering market data advantage.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Wrap up

Looking forward, we are expecting continued macro uncertainty and potentially a recessionary environment, and are therefore acting with caution accordingly. Whilst a recession dampens the demand-side, there will be ongoing supply-side shortages, constraints in housing and an ongoing demand for well-secured, well-originated returns. As CrowdProperty continues to manage capital in the same prudent way as in the past and further enhances the expert portfolio and recoveries teams, the market presents opportunity for CrowdProperty to continue to grow and build an ever-stronger market share position in the fragmented development finance market. This, alongside ongoing investment in the robust scalability of the business, will further develop CrowdProperty's ability to more efficiently and effectively match the supply and demand of capital in the residential property development asset class.

The Board, The Board Risk Committee, Directors and Executives of the business are active and committed to managing near-term risks, especially in these market conditions, and medium/long-term risks to realising the potential of the business from proven foundations.

Together we build.

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

M C Bristow
Director

Date: 21 December 2023

CROWD PROPERTY LIMITED
REGISTERED NUMBER:08764786

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	As restated 2022 £
Fixed assets			
Intangible assets	4	742,818	594,496
Tangible assets	5	61,741	69,782
Investments	6	100	-
		<u>804,659</u>	<u>664,278</u>
Current assets			
Debtors: amounts falling due within one year	7	4,885,477	3,198,173
Cash at bank and in hand		808,625	1,085,605
		<u>5,694,102</u>	<u>4,283,778</u>
Creditors: amounts falling due within one year	8	(1,160,498)	(448,896)
Net current assets		<u>4,533,604</u>	<u>3,834,882</u>
Total assets less current liabilities		<u>5,338,263</u>	<u>4,499,160</u>
Creditors: amounts falling due after more than one year	9	(236,681)	(246,681)
Provisions for liabilities			
Deferred tax		(121,310)	-
Net assets		<u><u>4,980,272</u></u>	<u><u>4,252,479</u></u>
Capital and reserves			
Called up share capital	11	13,558	13,558
Share premium account	13	3,854,294	3,854,294
Profit and loss account	13	1,112,420	384,627
Shareholders' funds		<u><u>4,980,272</u></u>	<u><u>4,252,479</u></u>

CROWD PROPERTY LIMITED
REGISTERED NUMBER:08764786

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2023

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

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

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The Company has opted not to file the Statement of Comprehensive Income and the Statement of Changes in Equity in accordance with provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M C Bristow
Director

Date: 21 December 2023

The notes on pages 6 to 16 form part of these financial statements.

CROWD PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Crowd Property Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 08764736). The registered office address is 54 Hagley Road, Edgbaston, Birmingham, B16 8PE.

The Company's functional and presentational currency is GBP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

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

The directors have made an assessment in preparing these financial statements as to whether the Company is a going concern and have concluded that there are no material uncertainties that may cast doubt on the Company's ability to continue as a going concern.

2.3 Revenue recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period it becomes legally due, which will typically be the contract completion date or in accordance with the execution of individual stages of completion of the contract when all the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Finance costs

Finance costs are charged to profit or loss 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.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.10 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.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	3	years
Intellectual property	-	4	years
Website development	-	4	years

2.11 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.

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.

The estimated useful lives range as follows:

Fixtures and fittings	-	4	years
Computer equipment	-	4	years

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 in profit or loss.

2.12 Pensions

Defined contribution pension plan

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.14 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

The average monthly number of employees, including directors, during the year was 48 (2022 - 45).

CROWD PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

4. Intangible assets

	Development expenditure £	Intellectual property £	Total £
Cost			
At 1 April 2022	822,813	5,102	827,915
Additions	502,553	-	502,553
At 31 March 2023	<u>1,325,366</u>	<u>5,102</u>	<u>1,330,468</u>
Amortisation			
At 1 April 2022	231,535	1,884	233,419
Charge for the year	352,956	1,275	354,231
At 31 March 2023	<u>584,491</u>	<u>3,159</u>	<u>587,650</u>
Net book value			
At 31 March 2023	<u>740,875</u>	<u>1,943</u>	<u>742,818</u>
<i>At 31 March 2022</i>	<u>591,278</u>	<u>3,218</u>	<u>594,496</u>

CROWD PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

5. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 April 2022	32,444	82,213	114,657
Additions	214	23,295	23,509
Disposals	-	(15,053)	(15,053)
At 31 March 2023	32,658	90,455	123,113
Depreciation			
At 1 April 2022	17,145	27,730	44,875
Charge for the year	8,125	20,957	29,082
Disposals	-	(12,585)	(12,585)
At 31 March 2023	25,270	36,102	61,372
Net book value			
At 31 March 2023	7,388	54,353	61,741
At 31 March 2022	15,299	54,483	69,782

CROWD PROPERTY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

6. Fixed asset investments

	Investments in subsidiary companies £
Cost	
Additions	100
At 31 March 2023	100

7. Debtors

	2023 £	<i>As restated</i> 2022 £
Trade debtors	115,939	39,799
Other debtors	3,886,097	2,113,354
Prepayments and accrued income	883,441	908,333
Tax recoverable	-	88,948
Deferred taxation	-	47,739
	4,885,477	<i>3,198,173</i>

8. Creditors: Amounts falling due within one year

	2023 £	<i>As restated</i> 2022 £
Bank loans	10,000	10,000
Trade creditors	254,280	153,927
Amounts owed to group undertakings	100	-
Corporation tax	276,574	-
Other taxation and social security	218,628	165,907
Other creditors	46,802	74,522
Accruals and deferred income	354,114	44,540
	1,160,498	<i>448,896</i>

CROWD PROPERTY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

9. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Bank loans	21,667	31,667
Other creditors	215,014	215,014
	<u>236,681</u>	<u>246,681</u>

10. Loans

Analysis of the maturity of loans is given below:

	2023 £	2022 £
Amounts falling due within one year		
Bank loans	10,000	10,000
Amounts falling due 1-2 years		
Bank loans	10,000	10,000
Amounts falling due 2-5 years		
Bank loans	11,667	21,667
	<u>31,667</u>	<u>41,667</u>

11. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
1,295,759 Ordinary Full Voting A Shares of £0.01 each	12,958	12,958
14,055 Ordinary Non Voting B Shares of £0.01 each	141	141
45,996 Ordinary Non Voting C Shares of £0.01 each	459	459
	<u>13,558</u>	<u>13,558</u>

CROWD PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12. Prior year adjustment

The prior year adjustment resulted from a review of the revenue recognition policy. An adjustment has been made to ensure that both current and prior years recognise income and liabilities in the period they become contractually due.

	2022 £
Profit and loss account	
Increase in turnover	887,487
Increase in cost of sales	(30,200)
	<hr/>
Increase in profit	<u>857,287</u>
	2022 £
Balance sheet	
Increase in debtors	887,487
Increase in creditors	(30,200)
	<hr/>
Increase in Net Assets	<u>857,287</u>
	2023 £
Statement of changes in equity	
At March 2021 previously stated	(124,769)
Loss for the year previously stated	(347,891)
Impact of prior year adjustment	857,287
	<hr/>
At March 2022 restated	<u>384,627</u>

13. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

CROWD PROPERTY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14. Related party transactions

At the balance sheet date, £215,014 (2022 - £215,014) was owed to a related party by virtue of a common shareholder. Interest was paid on this loan during the year, totalling £5,250 (2022 - Nil).

At the balance sheet date, £61,406 (2022 - £61,406) was owed by another related party by virtue of a common shareholder.

Neither of these loans are repayable on demand, and there are no plans for repayment for the immediate foreseeable future

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