LendCo Limited

(Company registration Number: 11177105)

Annual Report and financial statements for the year ended 31 December 2023

LendCo Limited

Company registration Number: 11177105

Directors

The following comprise the Board of Directors at the date of signing of the financial statements:

Mark Harris
Alexander King
Nigel Moore (resigned 26 January 2023)
Simon Knight
James Page
Tarun Sharma
Rory Withfield (appointed 26 January 2023)

Company Secretary

Simon Knight

Registered Office

33 Gracechurch Street, London. EC3V 0BT

Independent Auditors

PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, 7 More London Riverside, SE1 2RT

Bankers

Barclays Bank plc, 1 Churchill Place, London E14 5HP
HSBC Bank plc, 60 Queen Victoria Street, London EC4N 4TR

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Strategic Report

The Directors present their strategic report of LendCo Limited (the "Company") for the year ended 31 December 2023.

The Company is domiciled in the UK and is a private limited company, incorporated in 2018.

Principal activities

The principal activity of the Company is to provide secured specialist property finance to third party borrowers.

The Company provides two types of secured property lending, bridging loans and Buy-To-Let ("BTL") loans which together are the "Mortgage Loans". The Company sources borrowers, underwrites and originates loans before funding them by way of warehouse loan facilities.

The business relies on its expanding broker network to continue to introduce borrowers who wish to borrow at competitive terms driving continued growth and expansion of the Company's business.

Upon origination, the beneficial interest in each mortgage loan and their related security are sold by the Company to Talworth Ltd ("Talworth 1"), Talworth No.2 Ltd ("Talworth 2") and Talworth No.3 Ltd ("Talworth 3"), collectively the "Talworth Entities". Talworth 1 and Talworth 3 hold the interest in the BTL portfolio and Talworth 2 holds the interest in the bridging portfolio. These are specialist mortgage special purpose vehicles (SPVs), who fund the purchase by way of secured loan facilities from third party lenders and a subordinated loan from the Company.

Periodically Talworth Ltd and Talworth No.3 Ltd dispose of BTL loans as part of planned securitisations. The disposed loans were used by the Company ("the Seller") to create a new entity, Atlas Funding 2021-1 plc (£299m of loans) in January 2021, Atlas Funding 2022-1 plc (£362m of loans) in May 2022, Atlas Funding 2023-1 plc (£305m of loans) in May 2023 and Atlas Funding 2024-1 plc (£347m of loans) in May 2024, collectively known as the "Atlas Entities". The legal sale of loans to the Atlas Entities do not result in any changes from the Company perspective. The deemed loan in relation to the sold loans does however move to the Atlas Entities. The Atlas Entities are public securitisation transactions with debt listed on the London Stock Exchange (LSE) in the form of Notes.

The periodic sale of Mortgage Loans to the Talworth Entities and Atlas Entities fail the de-recognition criteria of FRS102 and IAS 39 as the Company retains substantially all of the risks and rewards related to the Mortgage Loans and therefore the Mortgage Loans remain as an asset on the statement of financial position of the Company via a deemed loan relationship with the Talworth Entities and the Atlas Entities.

During the year the Company entered into a medium-term note (MTN) program and completed the first issuance in October 2023 and at the end of the year had issued £2.525m. The overall program is £20m and each issuance under it are listed on the Bermuda Stock Exchange (BSX).

The Company's revenues arise principally from interest and fee income charged to third party borrowers of the Mortgage Loans.

Lendco Mortgage Servicing Limited (LMSL), a subsidiary undertaking manages the underlying Mortgage Loans with effect from 1 December 2021. The previous servicer, BCM Global have been retained as standby servicer in the unlikely event that LMSL is unable to continue to service the Mortgage Loans.

LendCo Limited

Company registration Number: 11177105

Strategic Report (continued)

Review of the business and performance

The total Mortgage Loans originated by the Company amounted to £1.44bn as of 31 December 2023 (2022 £1.22bn). The completions since launch are split between BTL, £1.19bn and bridging, £254m.

The Company's profit from operations for the year was £6.9m (2022 £6.2m). The Company continues to grow with profit from operations increasing 12% year on year (2022 51%) while the gross loan book increased 18% (2022 51%). The effective weighted average interest rate steadily increased in line with the market. The Statement of Comprehensive Income for the year is set out on page 19.

Key Performance Indicators "KPIs"

The KPIs are important indicators for the Board of Directors to monitor the performance of the business. The Directors report and monitor KPIs on a monthly basis. Whilst management continue to track a range of financial and non-financial measures, it is these KPIs that the business uses to gauge progress. The loan book has continued to grow in line with expectation. The directors monitor and review the pipeline of future loan origination opportunities and funding facilities to support it.

	As at 31-Dec 2023 £	As at 31-Dec 2022 £
Net loan book	1,030,503,458	914,436,055
Weighted average annual interest rate	4.57%	4.34%
	Year to 31-Dec 2023 £	**Year to 31-Dec 2022 £**
Interest received and receivable	56,739,232	44,174,491
Fee Income	2,084,935	1,396,808
Total interest receivable and similar income	**58,824,167**	**45,571,299**

Future developments

The Directors expect the Company to continue expanding its market share and continue trading profitably during 2024 as well as the foreseeable future. The Company continues to expand and diversify its sources of funding. This is achieved through additional warehouses, and securitisations as well as Mezzanine funding. The Company will also continue to leverage its MTN program seeking further issuances when required. The Company's forecasts and projections, along with ongoing support from its holding company, Lendco Finance Limited ("the Group"), and its shareholders, mean the financial statements continue to be prepared on a going concern basis.

The business relies on its expanding broker network to continue to introduce borrowers who wish to borrow at competitive terms driving continued growth and expansion of the Company's business. Loan products and pricing are continually benchmarked to market to remain competitive albeit the Company have always and continue to be priced at a premium to industry peers.

Future developments (continued)

The Board has implemented an appropriate framework to ensure that it has sufficient visibility of the Company's key risks and the opportunity to regularly review the adequacy and effectiveness of the controls and strategies for managing and mitigating these risks (see note 3).

The Company's operations are financed primarily by the legal sale of the beneficial interest in the Mortgage Loans and their security to the Talworth Entities and the Atlas Entities. (recognised as a deemed loan liability in the financial statements). The Talworth Entities fund the purchase by way of secured loan facilities from third party lenders. Periodically these loans are purchased back by the Company and sold on to the Atlas Entities as part of a planned securitisation, who fund the purchase by way of issuing notes to third party investors. It is expected that the company will continue to execute periodic securitisation transaction activity as detailed in the Principal Activities on page 3.

The Company continues to issue such financial instruments to finance the Mortgage Loans. It is not the Company's policy to trade in financial instruments.

In addition to the above dependency, the Company is exposed to and monitors the following risks;

Principal risks and uncertainties and financial instruments

Credit risk – The risk that the Company's loans and advances are subject to borrower default. Credit risk is minimised by the fact that the collateral underlying the Mortgage Loans is deemed to be good quality and provide a steady cash flow for the Company to discharge all expenses. Delinquencies and defaults on the Mortgage Loans will not result in an impairment loss if the cash flows from the asset pool are still expected to be sufficient to meet the Company's obligations.

The Company has prudent guidelines and policies for lending, delegated authorities, credit risk appetite limits and framework, provisioning for potential credit losses and regular credit quality assessment. The Board is also continually engaged in the review of the loan portfolio to ensure that it is performing within defined limits. Credit risk management lies at the core of the business and the Company has developed a strong credit risk management framework which includes:

- A clearly defined credit risk appetite framework
- The continued recruitment of specialist skills in credit underwriting
- A credit forum which meets daily
- A risk committee which meets monthly and reports to the Board

In addition to managing the credit risk associated with borrowers, the Company manages other risks including:

Operational risk - The risk of financial loss or reputational damage which might arise from inadequate or failed operating procedures, processes, people or systems is being mitigated by the Company maintaining robust operational systems and controls, investment in technology, and robust service level agreements with any outsourcing service providers. The Company has a Risk Committee, which meets on a regular basis to maintain strong risk management and compliance function.

Interest rate risk - The risk of financial losses from assets, liabilities and cash flows are sensitive to changes in interest rates. The Company seeks to mitigate this risk by monitoring any movements and reviewing the potential risk on a regular basis through its Risk Committee. The Company further minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of its assets

Strategic Report (continued)

Principal risks and uncertainties and financial instruments (continued)

Interest rate risk (continued)

and liabilities are similar. Where this is not possible, derivative financial instruments are used in the Talworth Entities and Atlas Entities such as interest rate swaps, to mitigate any residual interest rate risk.

Currency risk – The Company is not exposed to currency risk as all its financial instruments are denominated in GBP.

Liquidity risk - The risk that the Company will not be able to meet its financial obligations as they fall due. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its short-term liabilities when they fall due, under both normal and stressed conditions, without risking damage to the Company's position. The Company's liquidity position is monitored and reviewed on an ongoing basis by the Directors and the Risk Committee. A key component of liquidity risk is the efficient management of the Company's funding for the purpose of its long term BTL product.

The Company's Deemed Loans are limited in recourse to the proceeds received from the mortgage loan pools. The Company can also use the liquidity reserve funds to manage any remaining liquidity risk. The reserve funds proceeds were initially funded by the Company and thereafter available revenue receipts are applied to top up (if required) in accordance with the pre-enforcement revenue priority of payments.

Regulatory risk – The Company operates in the unregulated market and is not regulated by the Financial Conduct Authority or Prudential regulatory Authority. The Company does face compliance risks associated with maintaining adherence to various regulatory requirements, including consumer protection, anti-money laundering (AML), and data privacy. Failure to comply with these regulations may lead to penalties, reputational damage, or legal actions. The Company diligently monitors and manages its regulatory risks maintains robust risk management frameworks and internal controls to mitigate these risks and ensure compliance with the regulatory environment. However, despite our efforts, there can be no guarantee that these measures will completely eliminate all risks.

Macro-economic uncertainty

The UK currently faces significant economic uncertainty. This uncertainty is greater than historical levels due to geopolitical tensions which has resulted in a significant cost inflation and therefore has increased pressure for the Bank of England to increase the interest base rate from an unprecedented low level with the latest increase being in August 2023 from 5.00% to 5.25%. The cost inflation started to decline closer to year-end, however the impact on base rate and subsequently on Mortgage Loans is yet to be determined as majority of loans are on a fixed rate which refinance in the future. All of these factors result in increased pressure on affordability and a heightened risk that borrowers may ultimately default on the loans.

However, this risk is significantly mitigated by a combination of the mortgage loan portfolio’s weighted average LTV being below 70%, high interest coverage ratios averaging 200%, having a first charge on the properties and that all customers are professional landlords and property investing borrowers located in England and Wales. The loan book portfolios only reflect one overdue borrower and there remains no defaults or losses to date. The latest inflation report represented a significant fall to 2% in the 14 months to June 2024 compared to 8.7% in the April 2023.

Strategic Report (continued)

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

Directors' statement of compliance with Section 172(1) of the Companies Act 2006

The directors have considered their duties under Section 172(1) of the Companies Act 2006, which requires them to 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 members as a whole.

Factors Considered
In fulfilling their duty under Section 172(1), the directors have had regard to the following factors:

a) Long-Term Consequences: The directors have considered the long-term consequences of the company's actions, balancing short-term gains with sustainable and responsible business practices.

b) Interests of Employees: The well-being and interests of employees have been taken into account, ensuring fair treatment, development opportunities, and a safe working environment.

c) Relationships with Suppliers and Customers: The directors have considered the impact of business decisions on relationships with suppliers and customers, fostering mutually beneficial and ethical relationships.

d) Impact on the Community and the Environment: The company has assessed the social and environmental impact of its operations, aiming to contribute positively to the community and minimize its environmental footprint.

e) Company Reputation: The directors recognize the importance of maintaining the company's reputation and have taken steps to ensure ethical conduct and transparent communication.

f) Fairness Between Members: In making decisions, the directors have sought to act fairly between Group members, considering the diverse interests and expectations of shareholders.

Registered Office:
33 Gracechurch Street
London
EC3V 0BT

17 July 2024

On Behalf of the Board

Rory Withfield
Executive Director

LendCo Limited

Company registration Number: 11177105

Report of the Directors

The Directors present their report and the audited financial statements for the year to 31 December 2023.

Results and dividends
The profit and total comprehensive income for the year is £6.9m (2022 £6.2m). No dividends were declared or paid in the year (2022 £nil). The Company is expected to grow and remain profitable during 2024.

Directors and their interests
The Directors during the year and up to the date of signing the financial statements were:

Mark Harris
Alexander King
Nigel Moore (resigned 26 January 2023)
Simon Knight
James Page
Tarun Sharma
Rory Withfield (appointed 26 January 2023)

None of the directors have any beneficial interest in the ordinary share capital of the Company.

None of the directors had any interest during the year in any material contract or arrangement with the Company.

The directors do not recommend the payment of a dividend for the year.

Company Secretary
The Company Secretary during the year and up to the date of signing the financial statements was:

Simon Knight

Employees
The Directors recognise that the quality, commitment and motivation of the Company's staff are a key element in the success of the Company. Employees can share in this success through bonus schemes. The Company encourages its employees to develop their skills through training and continued professional development.

It is the policy of the Company to provide employment on an equal basis irrespective of gender, race, age, marital status, sexual orientation, religion or religious belief, nationality, colour or disability.

Going concern

The directors have undertaken a going concern assessment, including a review of the performance of the Company and emerging risks, including those in relation to inflation and cost of living, post balance sheet events (Note 18) and assessed the prospects of the Company.

At the end of the financial year the Company was in an overall net asset position due to the profitable trading and continued growth of the Company. Net current liability position reflects the repayment of the Deemed loan in May 2024 financed by issuing Atlas Funding 2024-1 plc notes, whereafter the company is in a net current asset position. This Deemed loan repayment is disclosed as current, not by virtue of its maturity profile, but rather owing to a predetermined decision made by the business to replace this non-current funding with cheaper alternative non-current funding in the form of notes

Report of the Directors (continued)

Going concern (continued)

issued to investors in a securitisation. The replacement of non-current funding with alternative cheaper non-current financing is disclosed as current given this refinance by the business occurs within 12months of the balance sheet date. The Directors view the net current liability position as at year end to be synthetic and temporary in nature and to the business advantage to shift to cheaper debt. Atlas Funding 2024-1 plc has lower cost of funding at 0.94% margin as well as an improved Post Swap Margin ('PSM') compared to the previous securitisation (2.3% vs 1.67%). Given this undertaking and assurances, and after reviewing the Company's funding strategy, financial forecasts and 2024 year to date results landing above expectations, the Directors have reasonable grounds to believe that the Company has access to adequate financial resources to continue in operational existence for at least 12 months from the date of these financial statements.

With the Company's continued focus to diversify its funding base to ensure sufficient origination funding capacity the Company set up a further two funding facilities during the year. This will provide additional loan origination headroom across both the BTL and Bridge portfolios to provide for the Company's ongoing book growth.

The Talworth Ltd senior loan facility available to the special purpose vehicle, which is used to fund the acquisition of loans from the Company, was due to be renewed in January 2024. Renewal terms for the Talworth Ltd facility with HSBC and BNPP were agreed and updated agreement was signed Q4 2023. Talworth No.3 Ltd was set up with Santander in Q4 2023 to fund the acquisition of additional BTL loans from Lendco Limited. The combined utilisation of both BTL facilities, Talworth Ltd and Talworth No.3, is currently 11% utilised as at June 2024 and expect origination headroom to be available until H2 2025. A Bridging facility (Talworth No.2) was also signed and agreed with Natwest in Q2 2023 and is used to fund the acquisition of bridge loans from LendCo Limited. Current utilisation level for the Talworth No.2 bridging facility is 24% providing headroom for 3 years given the shorter maturity profiles of bridge loans.

Lastly, the Company also kicked off a Medium-Term-Note Bond program with Capital Markets and Investments firm ("LGB") in Q4 2023 providing it cash inflows where required. This is a significant step towards diversifying the Company's funding and significantly reduces risks to the business associated with depending on only one primary source of funds.

The Company raised an additional £408m of funding from investors in May 2024 as part of a planned securitisation. This constituted £4m for an unsecured X Note and £404m A-E Notes backed by BTL Loans of which £347m were sold on day one on closing with a further £57m prefund available to be filled with further sales in the subsequent 2 months. The proceeds will be used to substantially repay the deemed loan from Talworth Limited and Talworth No.3 Limited which in turn will repay their Senior, and Junior debt obligations at the same time. The disposed loans will be used by the seller to create a new entity Atlas Funding 2024-1 plc. Talworth Limited and Talworth No.3 Limited will continue to replenish its loan pool post this disposal.

If the Company had to cease lending, profitability would remain, and cash generation would continue to be positive owing to the £1.03bn loan portfolios. The Company's forecasts and projections with ongoing support from its shareholder and ultimate controlling party (note 20), mean the financial statements continue to be prepared on a going concern basis.

The Group's forecasts and projections, along with its continued diversification in funding base, means that no further support is required from the shareholders. Following these assessments, the directors have concluded that the Group has adequate resources to meet its liabilities as they fall due for at least 12 months from the date of signing these financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements (Note 2 c).

Report of the Directors (continued)

Insurance Cover
The Company purchases insurance to cover its Directors and Officers against their costs in defending themselves in civil legal proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings. The insurance does not provide cover where the Director has acted fraudulently or dishonestly.

As permitted by company law, qualifying third party indemnity provisions (as defined by Section 234 of the Companies Act 2006) are in force for the benefit of the Directors (and for former Directors who held office during the 2023 financial year) at any time during the financial year and at the date of approval of the financial statements.

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

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

The directors are responsible for 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 also 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.

Directors' confirmations
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Report of the Directors (continued)

Principal activities, Review of the business and Performance and Future developments

The Company's principal activities, review of the business and performance, future developments, principal risk and uncertainties, and financial instruments and KPIs are included within the Strategic Report on pages 3 to 6.

Streamlined Energy Carbon Reporting ("SECR")

The Company is out of scope of the Streamlined Energy and Carbon Reporting ("SECR"), as it does not meet the numerical thresholds in relation to turnover and number of employees.

Climate Change

The Directors consider that climate change will have a minimal effect to the entity's operations and financial statements. The Company does not have any tangible assets and the Company deals with a limited number of suppliers which are mainly the servicers, auditors, accountants etc. and none of these have a significant carbon footprint therefore consider this risk to be immaterial due the nature of the operations of the Company.

Share Capital

The issued share capital consists of 1 ordinary share valued at £0.01.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to accept reappointment. PricewaterhouseCoopers LLP are deemed to be reappointed in accordance with Section 487 of Companies Act 2006.

Corporate Governance

i) Risk Committee (RiskCo)

The committee is comprised of the Risk Director, Treasury Director, Credit Operations Director, senior compliance manager and three Executive directors, who are all employed by the Company. The Risk Director, Stuart Kelly acts as Chair. The committee oversees and manages the various risks, risk management, risk appetite, and policies to safeguard the business. The committee meets monthly.

ii) Asset and Liability Committee (ALCo)

The committee was set up in 2023. The committee is comprised of the Risk Director, Treasury Director, Credit Operations Director, senior compliance manager and senior treasury analyst. It also includes three Executive Directors. It is chaired by the Treasury Director, Adrian Scragg. The remit of the committee is to position the Company appropriately to de-risk and optimise the way it manages its asset and liability position. The committee meets monthly.

iii) Credit Committee

The committee is comprised of the Risk Director, Credit Operations Director as well as two Executive Directors. The meeting is chaired by Chief Executive Officer (CEO), Simon Knight and sponsored by an underwriter. The committee reviews/ approves lending applications outside of normal criteria or those which are over mandates. The committee reviews on an ad-hoc basis whenever lending

LendCo Limited

Company registration Number: 11177105

Report of the Directors (continued)

Corporate Governance (continued)

iii) Credit Committee (continued)

applications requiring review are brought to the attention of the committee.

iv) Remuneration Committee (RemCo)

The committee is comprised of the CEO of the Company, and two Non-Executive Directors. The committee considers all aspects of the performance and remuneration of executive directors and senior executives and sets the remuneration of these executives. The committee also has a responsibility of general oversight of the business reward policy. The committee meets a minimum of once a year.

Political contributions

The Company, made no political donations or incurred any political expenditure during the year.

Post balance sheet events

The special purpose vehicles, Talworth Ltd and Talworth No.3 Ltd, disposed of £347m BTL loans in May 2024 as part of a planned securitisation, namely Atlas Funding 2024-1 Plc, using the proceeds in turn to substantially repay its Senior, Junior, and all of Mezzanine debt obligations at the same time. Talworth Ltd and Talworth No.3 Ltd will continue to replenish their loan pool post this disposal.

The Atlas Funding 2021-1 plc deal was called on 25 January 2024 with the notes being settled fully by the Talworth Ltd and Talworth No.3 Ltd senior lenders, subordinate loan. The residual pool of loans were transferred to the Talworth Entities upon this pay down.

There have been 2 further issuances under the MTN Bond Programme run by LGB. The second issuance of £1,415,000 was received in January 2024 and a third issuance of £1,750,000 in May 2024.

The Bank of England implemented fourteen successive increases in the base rate, from 0.1% in December 2021 to 5.25% in August 2023 to manage inflation towards its 2% target. Inflation has reduced to the 2% target however, decreases have not been in line with market expectations in the first six months of 2024 and as a result mortgage rates have remained stagnant and not maintained a downward trajectory.

Registered Office:
33 Gracechurch Street
London
EC3V 0BT
17 July 2024

On Behalf of the Board

Rory Withfield – Executive Director

Independent auditors' report to the members of Lendco Limited

Report on the audit of the financial statements

Opinion

In our opinion, Lendco Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2023; Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Context

The Company provides secured property lending through Bridging Loans and Buy-To-Let. The Company sources borrowers, underwrites and originates loans before funding them by way of warehouse loan facilities.

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and other qualitative factors (including evaluation of history of misstatement through fraud or error).
- We tailored the scope of our audit to ensure that we performed sufficient work to enable us to opine on the financial statements.
- We identified all material classes of transactions, account balances and disclosures, including those that were considered qualitatively material, and conducted our work over these accordingly.

Key audit matters

- Measurement of the Mortgage Loans

Materiality

- Overall materiality: £346,442 (2022: £723,900) based on 5% of Profit before Tax.
- Performance materiality: £259,832 (2022: £542,925).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As a result of the Bermuda Stock Exchange (BSX) listing, key audit matters have been included for the first time this year.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Measurement of the Mortgage Loans The bridging and BTL loans (the 'Mortgage Loans'), originated by the Company, were sold on origination to other Lendco Group entities, as part of several planned structured finance funding activities. The sale of the Mortgage Loans fails the de-recognition criteria of IAS 39 as the Company retains substantially all of the risks and rewards related to the Mortgage Loans. Therefore the Mortgage Loans remain on the Company's Statement of Financial Position. A deemed loan relationship is recognised with the Talworth and Atlas special purpose entities ('SPEs'). The sale of the Mortgage Loans was funded via a loan from the Company, to the SPE's. As a result, the measurement of the Mortgage Loans represents an area of focus for our audit and has been considered as a key audit matter. Related disclosures in the financial statements: Note 2 Summary of significant accounting policies; Note 3 Financial risk management and financial instruments; Note 11 Mortgage Loans; and Note 13 Amounts owed to/(from) group undertakings	In response to this key audit matter: ● We reviewed the terms of the structured finance funding transactions, as set out in the funding transaction documents, against the derecognition, classification and measurement criteria of IAS 39, in order to validate the appropriateness of the director's conclusions regarding the accounting and recognition of the Mortgage Loans; ● We agreed the intercompany balances back to the accounting records of the counterparties; ● We tested movements in the Mortgage Loans throughout the year relating to interest earned, additions and borrower redemptions and agreed a sample of payments to bank statements; ● We tested the existence of legal charge over the properties against which the loans are secured on a sample bases; ● We validated the data associated with a sample of Mortgage Loans back to the Company's loan system and to signed documentation; ● We assessed the Mortgage Loans for impairment, which included reviewing the post year end performance of the Mortgage Loans for any indicators of a significant deterioration in performance;

	• We agreed a sample of the fee income on the Mortgage Loans back to underlying documentation. We recalculated the fee income EIR adjustment for the total loan pool; and • We assessed the appropriateness of the disclosures in the financial statements in accordance with FRS 102. We have no material matters to note in relation to the above procedures.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the Company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Company materiality	£346,442 (2022: £723,900).
How we determined it	5% of Profit before Tax
Rationale for benchmark applied	Lendco Limited is a profit-oriented entity, thus profit before tax is an appropriate benchmark. Where profit before tax is used, if the Company is a public interest entity, a rule of thumb of up to 5% can be applied. This is a public interest entity due to the fact that the entity has listed debt and we have therefore applied 5%.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £259,832 (2022: £542,925) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £17,322 (2022: £36,195) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Confirming the cash held at bank at the year-end;
- Analysing the impact of potential future changes in cash flows, such as deterioration in the performance of the underlying Mortgage Loans;
- Evaluating the future funding and liquidity plan of the Company, which included reviewing the contracts relating to the post year end funding facility renewals, to identify factors that could impact the going concern basis of accounting;
- Reviewing the appropriateness of the disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to a breach of the listing requirements of the Bermuda Stock Exchange under which the notes are listed and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006, and UK tax regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal postings. Audit procedures performed by the engagement team included:

- Making inquiries of those charged with governance in relation to known or suspected instance of non-compliance with laws and regulations and fraud;
- Testing journals using a risk-based approach and evaluating whether there was evidence of management override of controls; and
- Incorporating an element of unpredictability into our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Christopher J Dalton

Christopher Dalton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 July 2024

LendCo Limited

Company registration Number: 11177105

Statement of Comprehensive Income
For the Year ended 31 December 2023

	Note	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Interest receivable and similar income	4	58,824,167	45,571,299
Interest payable and similar expenses	5	(46,577,770)	(33,429,096)
Net interest income		**12,246,397**	**12,142,203**
Staff Costs	6	(4,111,438)	(3,388,917)
Depreciation expense	9	(12,383)	(5,622)
Amortisation of intangible assets	10	(4,593)	(17,154)
Other operating expenses		(1,189,137)	(1,137,511)
Total operating expenses		**(5,317,551)**	**(4,549,204)**
Profit before taxation	7	**6,928,846**	**7,592,999**
Tax on profit	8	15,939	(1,382,838)
Profit for the financial year		**6,944,785**	**6,210,161**
Other comprehensive income		-	-
Total comprehensive income for the year		**6,944,785**	**6,210,161**

All amounts relate to continuing activities.

The Notes on pages 23 to 46 form an integral part of the financial statements.

LendCo Limited

Company registration Number: 11177105

Statement of Financial Position
as at 31 December 2023

	Note	As at 31 December 2023 £	As at 31 December 2022 £ Restated*
ASSETS			
Fixed assets			
Property, plant & equipment	9	28,142	28,271
Intangible assets	10	5,353	280,333
Mortgage loans	11	826,666,630	828,598,282
		826,700,125	**828,906,886**
Current assets			
Mortgage loans	11	203,836,828	85,837,773
Trade and other receivables		4,591,283	1,099,564
Amounts owed by group undertakings	13	715,049	814,474
Cash at bank and in hand	12	10,009,720	6,278,363
		219,152,880	**94,030,174**
LIABILITIES			
Creditors: amounts falling due within one year			
Trade creditors	14	(15,512,461)	(4,404,557)
Amounts owed to group undertakings	13	(379,496,162)	(355,460,624)
		(395,008,623)	**(359,865,181)**
Net current liabilities		**(175,855,743)**	**(265,835,007)**
Total assets less current liabilities		**650,844,382**	**563,071,879**
Creditors: amounts falling due after more than one year			
Trade creditors	14	(32,131,722)	(21,337,235)
Amounts owed to group undertakings	13	(602,824,413)	(532,791,182)
		(634,956,135)	(554,128,417)
Net assets		**15,888,247**	**8,943,462**
CAPITAL AND RESERVES			
Called up share capital	15	-	-
Profit and loss account		15,888,247	8,943,462
Total shareholders' funds		**15,888,247**	**8,943,462**

** Details of the restatement are given in Note 21.*

The Notes on pages 23 to 46 form an integral part of the financial statements.
The financial statements on pages 19 to 46 were approved by the Board of Directors on 28 June 2024 and signed on its behalf by

W Withfield

Rory Withfield
Executive Director

LendCo Limited

Company registration Number: 11177105

Statement of Changes in Equity
For the Year ended 31 December 2023

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
Balance at 01 January 2022	-	2,733,301	2,733,301
Total comprehensive income for the year	-	6,210,161	6,210,161
Balance at 31 December 2022	**-**	**8,943,462**	**8,943,462**
Balance at 01 January 2023	**-**	**8,943,462**	**8,943,462**
Total comprehensive income for the year	-	6,944,785	6,944,785
Balance at 31 December 2023	**-**	**15,888,247**	**15,888,247**

The Notes on pages 23 to 46 form an integral part of the financial statements.

LendCo Limited

Company registration Number: 11177105

Statement of Cash Flows
For the Year ended 31 December 2023

	Note	Year ended 31 December 2023 £	Year ended 31 December 2022 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash outflow from operating activities	16	(89,225,157)	(272,697,016)
Income tax paid		(1,100,000)	(1,623,553)
Net cash used in operating activities		**(90,325,157)**	**(274,320,569)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Fixed assets		(12,254)	(33,893)
Purchase of intangibles		-	(230,741)
Net cash used in investing activities		**(12,254)**	**(264,634)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans from subsidiary undertakings		402,703,924	625,931,848
Repayments to loans from subsidiary undertakings		(308,635,156)	(346,716,536)
Net cash generated from financing activites		**94,068,768**	**279,215,312**
Net increase in cash and cash equivalents		**3,731,357**	**4,630,109**
Cash and cash equivalents at beginning of year		6,278,363	1,648,254
Cash and cash equivalents at end of year		**10,009,720**	**6,278,363**

The cash received for interest income in the year was £56.9m (2022 £46.8m) and cash paid for interest expense was £46.3m (2022 £33.3m). Both are included within operating activities.

The Notes on pages 23 to 46 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

1 General Information

The Company is a private company limited by shares incorporated and domiciled in the UK, registered in England and Wales. The address of the registered office is 33 Gracechurch Street, London, EC3V 0BT.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the year presented, unless otherwise stated.

a) Statement of compliance

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (’FRS 102’) 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. In accordance with Section 11 of FRS 102, the provisions of IAS 39 have been applied consistently with respect to the recognition and measurement of financial instruments.

b) Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The directors have adjusted the format of the statement of comprehensive income as allowed under the Companies Act 2006. This adjustment takes into account the opinion of the Directors that net interest income constitutes a more appropriate reflection of the Company’s activities than turnover and cost of sales.

The functional and presentation currency are both pound sterling.

The Company has not taken advantage of any of the FRS 102 disclosure exemptions available to qualifying entities.

c) Going concern

The directors have undertaken a going concern assessment, including a review of the performance of the company and principal and emerging risks, including those in relation to inflation, rising interest rates cost of living crisis, and assessed the prospects of the Company.

At the end of the financial year the Company was in an overall net asset position due to the profitable trading and continued growth of the Company. Net current liability position reflects the repayment of the Deemed loan in May 2024 financed by issuing Atlas Funding 2024-1 plc notes, whereafter the company is in a net current asset position. This Deemed loan repayment is disclosed as current, not by virtue of its maturity profile, but rather owing to a predetermined decision made by the business to replace this non-current funding with cheaper alternative non-current funding in the form of notes issued to investors in a securitisation. The replacement of non-current funding with alternative cheaper non-current financing is disclosed as current given this refinance by the business occurs within 12months of the balance sheet date. The Directors view the net current liability position as at year end to be synthetic and temporary in nature and to the business advantage to shift to cheaper debt. Atlas Funding 2024-1 plc has an improved PSM compared to the previous securitisation (2.3% vs 1.67%). Given this undertaking and assurances, and after reviewing the Company’s funding strategy, financial forecasts

2 Summary of significant accounting policies (continued)

c) Going concern (continued)

and 2024 year to date results landing above expectations, the Directors have reasonable grounds to believe that the Company has access to adequate financial resources to continue in operational existence for at least 12 months from the date of these financial statements.
With the Company's continued focus to diversify its funding base to ensure sufficient origination funding capacity the Company set up a further two funding facilities during the year. This will provide additional loan origination headroom across both the BTL and Bridge portfolios to provide for the Company's ongoing book growth.

The Talworth Ltd senior loan facility available to the special purpose vehicle, which is used to fund the acquisition of loans from the Company, was due to be renewed in January 2024. Renewal terms for the Talworth Ltd facility with HSBC and BNPP were agreed and updated agreement was signed Q4 2023. Talworth No.3 Ltd was set up with Santander in Q4 2023 to fund the acquisition of additional BTL loans from Lendco Limited. The combined utilisation of both BTL facilities, Talworth Ltd and Talworth No.3, is currently 11% utilised as at June 2024 and expect origination headroom to be available until H2 2025. A Bridging facility (Talworth No.2) was also signed and agreed with Natwest in Q2 2023 and is used to fund the acquisition of bridge loans from LendCo Limited. Current utilisation level for the Talworth No.2 bridging facility is 24% providing headroom for 3 years given the shorter maturity profiles of bridge loans.

The Company's Deemed Loans are limited in recourse to the proceeds received from the mortgage loan pools. The Company can also use the liquidity reserve funds to manage any remaining liquidity risk. The reserve funds proceeds were initially funded by the Company and thereafter available revenue receipts are applied to top up (if required) in accordance with the pre-enforcement revenue priority of payments.

The Company also kicked off a Medium-Term-Note Bond program with Capital Markets and Investments firm ("LGB") in Q4 2023 providing it cash inflows where required. This is a significant step towards diversifying the Company's funding and significantly reduces risks to the business associated with depending on only one primary source of funds.

The Company raised an additional £408m of funding from investors in May 2024 as part of a planned securitisation. This constituted £4m for an unsecured X Note and £404m A-E Notes backed by BTL Loans of which £347m were sold on day one on closing with a further £57m prefund available to be filled further sales in the subsequent 3 months. The proceeds will be used to substantially repay the deemed loan from Talworth Limited and Talworth No.3 Limited which in turn will repay their Senior, Mezzanine and Junior debt obligations at the same time. The disposed loans will be used by the seller to create a new entity Atlas Funding 2024-1 plc. Talworth Limited and Talworth No.3 Limited will continue to replenish its loan pool post this disposal.

If the Company had to cease lending, profitability would remain, and cash generation would continue to be positive owing to the £1.03bn loan portfolios. The Company's forecasts and projections with ongoing support from its shareholder and ultimate controlling party (note 19), mean the financial statements continue to be prepared on a going concern basis.

The Group's forecasts and projections, along with its continued diversification in funding base, means that no further support is required from the shareholders. Following these assessments, the directors have concluded that the Group has adequate resources to meet its liabilities as they fall due for at least 12 months from the date of signing these financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements (Note 2 c).

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

2 Summary of significant accounting policies (continued)

d) **Deemed Loan from Group Subsidiaries**

The Deemed Loan represents the amount corresponding to the consideration paid to the Company for the pool of Mortgage Loans, adjusted for subsequent principal receipts from the underlying Mortgage Loans which represent repayments on the Mortgage Loans. The Deemed Loan is also adjusted, where appropriate, for interest income that is retained, in accordance with the priority of payments set out in the Transaction Documents, by the Talworth Entities and Atlas Entities to fund either the principal deficiency ledger or the reserve fund. In addition, cash flows attributable to the Company are not recognised by the Talworth Entities and Atlas Entities.

The Deemed Loan is classified as financial liability held at amortised cost. The Deemed Loan is measured on initial recognition at fair value and is subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Subsequent increases in recoverable amounts of the Mortgage Loans, which can be objectively related to an event occurring after previous impairment losses have been recognised, are recorded in the statement of comprehensive income to the extent previous impairment losses have been taken through the statement of comprehensive income. The reversal shall not result in a carrying amount of the Mortgage Loans that exceeds the amortised cost had no impairment been recognised.

e) **Financial Instruments**

In accordance with Section 11.2 of Financial Reporting Standard 102, the provisions of IAS 39 have been adopted in full with respect to the recognition and measurement of financial instruments.

(i) Loans and receivables

Mortgage loans and amounts owed to group undertakings are classified as financial assets held at amortised cost. They are initially recognised at fair value of the cash given to originate the loan, plus transaction costs that are directly attributable to the origination of the financial asset. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

The sale of the Mortgage Loans to Talworth Entities and Atlas Entities do not meet the de-recognition criteria of IAS 39 as the Company has not transferred substantially all risks and rewards associated with the Mortgage Loans. For the Talworth Entities this is primarily due to the retention of the majority of credit risk associated with the Mortgage Loans through the subordinated loan provided by the Company to these entities. For the Atlas Entities this is due to holding a 5% risk retention in these entities as well as holding the option to call and redeem the structure on the defined Optional Redemption Date. These options are embedded in the residual certificate notes held by the Company. Therefore, the Mortgage Loans remain on the statement of financial position of the Company and deemed loans, being in substance the secured loans to the Talworth Entities as well as the Atlas Entities have been recognised.

2 Summary of significant accounting policies (continued)

(ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks, together with other short term highly liquid investments with original maturities of three months or less and working capital overdrafts, which are subject to an insignificant risk of changes in value. The Company's special purpose vehicles hold deposits with the provider of a transaction bank account, pre-funding bank account, issuer profit bank account and a general reserve bank account. These accounts are held in the Company's name and meet the definition of cash, but their use is restricted by a detailed priority of payments as set out in the Master Definitions & Construction Schedule (transaction documentation). As the cash can only be used to meet certain specific liabilities and is not available to be used with discretion, it is viewed as restricted cash.

(iii) Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset, comprising Mortgage Loans, is impaired. A financial asset is impaired, and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. The Company recognises arrears loans as late payments >30days and an overdue loan as anything >90 days past due. It is considered impaired if material breach of borrowing terms, in which the breach is not capable of remedy.

If there is objective evidence that an impairment loss on a financial asset has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the original effective interest rate of the instrument at initial recognition. To the extent Impairment losses are incurred, these are recognised in the Statement of Comprehensive Income and the carrying amount of the financial asset reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted on measuring impairment. There were no impairment losses incurred for the year (2022: £0).

(iv) Amounts owed to group undertakings

Amounts owed to group undertakings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs and the amount due on redemption being recognised as a charge to the statement of financial position over the life of the relevant borrowing. Interest expense is recognised based on the effective interest rate method and is included in Interest payable and similar expenses.
Because the sale of the Mortgage Loans does not meet the de-recognition criteria under IAS 39, the proceeds from the sale of the beneficial interests in the Mortgage Loans are recognised as a collateralised deemed loan liability to the Talworth Entities and the 'Secured Loans' under the Atlas Entities.

(v) Trade and other payables

Trade and other payables are obligations to pay for goods or services, or other liabilities of the Company acquired in the ordinary course of business. Trade and other payables are classified as current liabilities if payment is due within one year or less. Trade payables and other creditors are recognised initially at the transaction price and subsequently measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

2 Summary of significant accounting policies (continued)

(vi) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Receivables are discounted where the time value of money is material.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquencies in payments (more than either 60 or 90 days depending on the type of receivables) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(vii) Segmental Analysis

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

f) Intangible assets other than goodwill

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software. Trademarks are expensed at amortised cost.

Amortisation charges are recorded on a straight-line basis over the assets estimated useful lives as follows:

Computer software	3 years
Trademarks	3 years

Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately as an expense and is not subsequently reversed.

g) Taxation

The tax expense for the year comprises current. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the government confirmed this increase in corporation tax rate to 25% from April 2023.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Balance Sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

2 Summary of significant accounting policies (continued)

h) Revenue recognition

'Revenue' is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity where those inflows result in increases in equity, other than increases relating to contributions from equity participants.

Revenue is deemed to be interest on the Mortgage Loans, loan origination fee net of broker commissions. Interest is recognised on an accrual basis over the term of the loans using the effective interest rate method. Deferred revenue and expenses such as fees and commissions are recognised over the term of the Mortgage Loans and incorporated into interest income via the effective interest rate. This is also noted in Note 5 as 'Deemed loan interest'.

The Effective Interest Rate is a method of calculating the amortised cost of a financial asset, and of allocating the interest income over the relevant period. The effective interest rate in a financial instrument is the rate that exactly discounts the cash flows associated with the instrument (either through to maturity or to the next re-pricing date) to the net carrying amount at initial recognition, i.e. a constant rate on the carrying amount. The effective interest rate is sometimes termed the level yield to maturity (or the next re-pricing date), and is the internal rate of return of the financial asset for that period.

The effective interest rate method is used to allocate interest income over the life of a loan, in a manner that reflects a constant periodic rate of return. This method considers all the cash flows associated with the financial instrument, including interest payments and fees. By using this method, the interest income reported in each period accurately reflects the economic reality of the instrument's return, providing a more precise return over the relevant periods.

i) Interest expense and similar charges

The Company accounts for interest expense on an accruals basis. Interest expense on financial liabilities other than those at fair value through profit and loss is determined using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the expected life of the liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

j) Effective Interest Rate (EIR)

The EIR is a key metric used to represent the true income associated with financial instruments over their lifetime. Revenue and expenses such as fees and commissions are received on day of loan origination but deferred and recognised in income over the fixed term of the Mortgage Loans until their reversion date. The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liabilities and allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

k) Pension costs

The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee's service in the current and prior year.

2 Summary of significant accounting policies (continued)

Pension costs (continued)

The Company operates a salary sacrifice scheme, whereby individuals waive a proportion of salary into a pension plan. Employee contributions are capped dependent on age and earnings. The Company contributes an amount equal to 39% of the saving made on employers National Insurance contributions.

l) Critical accounting estimates and management judgements

The preparation of financial statements in conformity with United Kingdom Accounting Standards, including Financial Reporting Standards 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006 requires management to make estimates and assumptions that affect the application of policies and reported amounts.

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Changes in accounting estimates may be necessary if there are changes in circumstances on which the estimate was based, or as a result of new information or more experience.

Deemed Loans from Group Subsidiaries

The Directors decision to recognise the Deemed Loan in respect of the funding is considered as a significant judgement. Details have been described above in the accounting policies section "Deemed Loan from Group Subsidiaries" (Note 2.d).

3 Financial risk management and financial instruments

Financial risk factors

At the year-end financial instruments of the Company comprised Mortgage Loans, amounts due to group undertakings, amounts due from group undertakings, cash and cash equivalents and trade and other receivables and payables.

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

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk in the form of interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects of these risks on the financial performance of the Company.

Credit risk

The risk of financial loss arising from a borrower or counterparty failing to meet their contractual financial obligations to the Company. The Company is exposed to credit risk from its operating activities, primarily from the Mortgage Loans.

The Company has a set of detailed prudent lender guidelines and policies for its lending activities, delegated authorities, credit risk appetite limits and underwriting framework, provisioning for incurred credit losses and frequent credit quality assessment. The Company has robust monitoring and control processes to ensure that all risks relating to individual borrowers are proactively identified. The Board is

3 Financial risk management and financial instruments (continued)

Credit risk (continued)

also continually engaged in review of the mortgage loan portfolio to ensure that it is performing within defined risk limits.

Having considered the credit worthiness of the collateral available of the underlying Mortgage Loans associated with the Deemed Loan, including credit enhancements available in the structure, the Directors have concluded that the Deemed Loan is not considered to be impaired at 31 December 2023.

The maximum exposure to credit risk arising on the Company's financial assets at the reporting date is disclosed in the table below. The Mortgage Loans are secured by first charges over residential properties in the United Kingdom.

Financial Assets

	Carrying value 31 December 2023 £	Maximum exposure 31 December 2023 £	Carrying value 31 December 2022 £	Maximum exposure 31 December 2022 £
Mortgage loans	1,030,503,458	1,030,503,458	914,436,055	914,436,055
Amounts owed by group undertakings	715,049	715,049	814,474	814,474
Trade and other receivables	4,591,283	4,591,283	1,099,564	1,099,564
Cash at bank and in hand	10,009,720	10,009,720	6,278,363	6,278,363
	1,045,819,510	**1,045,819,510**	**922,628,456**	**922,628,456**

The table below sets out the carrying amount and any overdue loans. The Company recognises arrears loans as late payments >30days and an overdue loan as anything >90 days past due. A loan is considered impaired if material breach of borrowing terms, in which the breach is not capable of remedy.

The credit quality of the Mortgage Loans are summarised as follows:

	Carrying value 31 December 2023 £	Maximum exposure 31 December 2023 £	Not overdue 31 December 2023 £	Overdue 31 December 2023 £
Mortgage loans	1,030,503,458	1,030,503,458	1,028,738,483	1,764,975
	1,030,503,458	**1,030,503,458**	**1,028,738,483**	**1,764,975**

	Carrying value 31 December 2022 £	Maximum exposure 31 December 2022 £	Not overdue 31 December 2022 £	Overdue 31 December 2022 £
Mortgage loans	914,436,055	914,436,055	914,038,725	397,330
	914,436,055	**914,436,055**	**914,038,725**	**397,330**

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

3 Financial risk management and financial instruments (continued)

Credit risk (continued)

Impairment assessments depend on the recoverability of the individual Mortgage Loans and credit enhancement available within the Company. Recoverability of each loan is linked with and dependent on the collections from the borrower(s). These Mortgage Loans consist of buy-to-let and bridge properties. Buy-to-let Mortgage Loans are considered in default when the borrower has missed the equivalent of three full payments. The key assumptions for recoverability relate to estimates of the probability of any account going into default, cash flows from borrowers' accounts, their timing and expected proceeds from the sale of repossessed collateral. Given that there was only one borrower out of the total loan pool whose payments were overdue (> 90 days), no bad debts or losses incurred in the year and post balance sheet date as well as zero historic losses therefore there is no impairment.

Liquidity risk

The risk that the Company is unable to meet its contractual financial obligations as they fall due or unable to fund future lending opportunities is its inability to do so at significantly higher funding costs. The Company's main source of funding is from the Talworth Entities and Atlas entities. The Talworth Entities are in turn are funded by four major lenders and an intercompany loan which exists with the Group. The Atlas Entities are funded by external investors. The availability of funding and arm's length pricing is impacted by competition between third party lenders and external market forces.

The Company further diversified its funding sources by executing securitisations, Atlas Funding 2021-1 plc in 2021, Atlas Funding 2022-1 plc in 2022 and Atlas Funding 2023-1 plc in 2023 as public interest entities, thereby providing access to further funding from the issuance of notes purchased by Investors.

Atlas Funding 2021-1 plc gained £302m funding from the issuance of notes. These notes as well as a Z note purchased by the Company are backed by a pool of Mortgage Loans to the value of £299m sold by the Company to Atlas Funding 2021-1 plc. The Company purchased a 5% risk retention (CRR) vertical slice as an investment to satisfy risk retention rules. The closing value of the notes as at December 2023 stands at £243m.

Atlas Funding 2022-1 plc, the second securitisation, provided access to further funding of £360m from the issuance of notes purchased by Investors. These notes as well as a Z note purchased by the Company are backed by a pool of Mortgage Loans to the value of £362m sold by the Company to Atlas Funding 2022-1 plc. The Company purchased a 5% risk retention (CRR) vertical slice as an investment. The closing value of the notes as at December 2023 stands at £347m.

Atlas Funding 2023-1 plc, the third securitisation, provided access to further funding of £312m from the issuance of notes purchased by Investors. These notes as well as a X note purchased by the Company are backed by a pool of Mortgage Loans to the value of £304m sold by the Company to Atlas Funding 2023-1 plc. The Company purchased a 5% risk retention (CRR) vertical slice as an investment. The closing value of the notes as at December 2023 stands at £302m.

The table below reflects the undiscounted expected cash flows of financial liabilities at the reporting date until five years after the reporting date as our longest product term is 60 months.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

3 Financial risk management and financial instruments (continued)

Liquidity risk (continued)

As at 31 December 2023

Financial Liabilities	Carrying value	Gross cash flow	In less than 1 month	After 1 month but within 3 months	After 3 months but within 1 year	After 1 year but within 5 years
	£	£	£	£	£	£
Amounts owed to group undertakings	982,320,575	982,320,575	200,076,212	5,471,874	173,948,077	602,824,412
Trade creditors	45,739,860	45,739,860	11,756,223	146,694	1,705,221	32,131,722
	1,028,060,435	**1,028,060,435**	**211,832,435**	**5,618,568**	**175,653,298**	**634,956,134**

As at 31 December 2022

Financial Liabilities	Carrying value	Gross cash flow	In less than 1 month	After 1 month but within 3 months	After 3 months but within 1 year	After 1 year but within 5 years
	£	£	£	£	£	£
			Restated*	Restated*	Restated*	Restated*
Amounts owed to group undertakings	888,251,806	888,251,806	0	0	355,460,624	532,791,182
Trade and other payables	23,135,050	23,135,050	323,138	55,908	1,418,769	21,337,235
	911,386,856	**911,386,856**	**323,138**	**55,908**	**356,879,393**	**554,128,417**

** Details of the restatement are given in Note 21.*

The assets are current and non-current disclosure is determined using the reversion date of the fixed term on the Mortgage Loans. The mismatch with liabilities, is driven by a change in methodology to determine the maturity profile. For Talworth-1 the liability is all treated as current due to the planned securitisation executed within 12 months of the balance sheet date. Atlas Funding 2021-1 plc liability is all treated as current due to the call within one month of the balance sheet date. These differences in the treatment of assets and liabilities result in a synthetic mismatch in the maturity profiles.

Currency profile
All of the Company's financial assets and liabilities are dominated in GBP.

Interest rate risk
The Company is exposed to market risk through interest rate risk. Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. A small proportion of loans of the total loan portfolio are on variable rate where the customer rate is set quarterly to 3month SONIA. This exposes the Company to basis risk as the cost of funds to fund these customer loans is based on 1month compound average SONIA. This exposure is deemed immaterial given the relative small proportion of the book on floating and 3month SONIA includes significant buffer in the first two months to materially offset adverse rate movements in the last month of the quarter before the next reset date. The majority of Mortgage Loans are at fixed rate or have been in their fixed rate period in the year.
The interest payable on the deemed loan from Talworth Ltd, Talworth No.2 Ltd, Talworth No.3 Ltd, represents the interest income, the Talworth entities are entitled to, in order to pay their retained profit, expenses, financing costs hedging thereof under the transaction documents. While the senior and mezzanine third party funding, issued by Talworth Ltd and Talworth No.3 Ltd are at variable rates, linked to 1month compound average SONIA (the Company shifted to Sterling Overnight Index Average ("SONIA") from LIBOR in September 2021), Talworth Ltd economically hedges the interest rate risk using fixed to float interest rate swaps.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

3 Financial risk management and financial instruments (continued)

Interest rate risk (continued)

Similarly, the Mortgage Loans sold to Atlas Funding 2021-1 plc, Atlas Funding 2022-1 plc and Atlas Funding 2023-1 plc are based on a fixed rate in contrast to the funding received from issuing the Notes which are based on a variable rate i.e linked to SONIA. The interest rate mismatch between assets and liabilities is 97% hedged using fixed to float interest swaps. Accordingly, there is no material exposure to variable interest rates, therefore no sensitivity analysis has been presented.

Capital risk management

The risk that the Company has insufficient capital and access to funding to meet its lending requirements and growth objectives. Effective management of the Company's capital is critical to its ability to operate its business and to pursue its strategy. The Company's internal target amount of capital is set by its own assessment of the risk profile of the business and market expectations. Critical risk appetite limits have been set on a forward-looking basis. To ensure any capital raising activities are undertaken on a timely basis to continue supporting growth of the business. The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Company may adjust any amount of dividends paid to shareholders, return capital to shareholders, issue new shares, convert shareholder loan to equity or sell assets to reduce debt. During the year no dividends were paid or proposed (2022: Nil).

4 Interest receivable and similar income

	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
On mortgage loans	58,533,883	45,570,638
On deposit account	290,284	661
	58,824,167	**45,571,299**

5 Interest payable and similar expenses

	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
Deemed loan interest	42,646,490	32,179,504
Upfront Cost amortisation	591,376	442,355
Other expenses	3,339,904	807,237
	46,577,770	**33,429,096**

6 Staff Costs

a) Analysis of staff costs

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Wages and salaries	2,417,821	2,027,650
Incentive bonuses & commissions	1,101,410	853,498
Social security costs	464,463	389,836
Other pension costs	127,744	117,933
	4,111,438	**3,388,917**

b) Staff numbers

The average monthly number of persons (including executive directors) employed by the Company during the year was 34 (2022 - 33).

	Year ended 31 December 2023 Number	Year ended 31 December 2022 Number
Sales	4	3
Administration	30	30
Total average headcount	**34**	**33**

c) Key management compensation for the Board of Directors

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Key management		
- Aggregate remuneration excluding bonuses	469,823	334,394
- Bonuses	465,000	334,753
- Pensions contributions	37,873	10,598
- National Insurance	117,399	89,316
Total short term employment benefits	**1,090,095**	**769,061**

No directors had benefits accruing under the money purchase and defined benefit schemes.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

6 Staff Costs (continued)

Key management compensation for the Board of Directors (continued)

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Highest paid director		
- Aggregate remuneration excluding bonuses	196,708	195,229
- Bonuses	240,000	206,003
- National Insurance	57,222	55,719
Total short term employment benefits	**493,930**	**456,951**

d) Retirement contribution obligations

The Company's staff participated in the Company's personal pension plan, a defined contribution scheme, and individual defined contribution plans to which it contributed.

The Company's total pension charge in respect of these plans was £127,744 (2022 £117,933).

7 Profit before taxation

Profit before taxation is stated after charging:

	Note	Year to 31 December 2023 £	Year to 31 December 2022 £
Staff Costs	6	4,111,438	3,388,917
Audit fees payable to the Company's auditors (exclusive of VAT)		60,000	55,200

There were no non-audit services provided during the year (2022: £nil).

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

8 Tax on profit

Analysis of tax charge for the year:

	Year to 31 December 2023 £	Year to 31 December 2022 £
Current tax		
United Kingdom Corporation tax at *23.50% (2022 - 19.00%)	1,628,279	1,442,670
Adjustments in respect of prior periods	(1,644,218)	-
Expenses not deductible for tax purposes	-	(59,832)
Income tax on profit from continuing activities	**(15,939)**	**1,382,838**
Profit before taxation	6,928,846	7,592,999
Profit before taxation multiplied by standard rate of corporation tax in the UK of *23.50% (2022 - 19.00%)	1,628,279	1,442,670
Effects of:		
Adjustments in respect of prior periods	(1,644,218)	-
Expenses not deductible for tax purposes	-	(59,832)
Income tax charge on profit on continuing activities	**(15,939)**	**1,382,838**
The effective tax rate for the year is:	-0.2%	18.2%

** Tax Rate pro-ratered for the year at 19% for 3 months and 25% for 9 months*

9 Property, plant and equipment

	Computer equipment £
Cost	
As at 01 January 2023	33,893
Additions in the year	12,254
At 31 December 2023	**46,147**
Accumulated depreciation	
As at 01 January 2023	(5,622)
Depreciation charge for the year	(12,383)
At 31 December 2023	**(18,005)**
Net Book Value	
At 31 December 2023	**28,142**

No impairment of property, plant and equipment in the year (2022: £nil).

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

10 Intangible assets

	Computer Software £	Trademarks £	Total £
Cost			
As at 01 January 2023	826,737	2,834	829,571
Additions in the year	-	-	-
Reclass in the year	(267,554)	(2,834)	(270,388)
At 31 December 2023	**559,183**	**-**	**559,183**
Accumulated amortisation			
As at 01 January 2023	(546,404)	(2,834)	(549,238)
Amortisation charge for the year	(4,592)	-	(4,592)
Reclass in the year	(2,834)	2,834	-
At 31 December 2023	**(553,830)**	**-**	**(553,830)**
Net Book Value			
At 31 December 2023	**5,353**	**-**	**5,353**

	Computer Software £	Trademarks £	Total £
Cost			
As at 01 January 2022	595,997	2,834	598,831
Additions in the year	230,740	-	230,740
At 31 December 2022	**826,737**	**2,834**	**829,571**
Accumulated amortisation			
As at 01 January 2022	(529,250)	(2,834)	(532,084)
Amortisation charge for the year	(17,154)	-	(17,154)
At 31 December 2022	**(546,404)**	**(2,834)**	**(549,238)**
Net Book Value			
At 31 December 2022	**280,333**	**-**	**280,333**

No impairment of intangible assets in the year (2022: £nil).

During the year an intangible asset was reclassified to Trade creditors as it related directly to the Repo classified within Trade creditors.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

11 Mortgage loans

The Mortgage Loans are secured by first charges over residential properties in the United Kingdom.

	Year to 31 December 2023	Year to 31 December 2022
	£	£
Book value		
Opening mortgage loans	914,436,055	619,604,119
Mortgage loans originated during the year	234,282,770	409,663,253
Repayments on mortgage loans during the year	(112,054,418)	(110,841,493)
EIR adjustment	(6,160,949)	(3,989,824)
Closing balance	**1,030,503,458**	**914,436,055**

The maturity profile of the Mortgage Loans was as follows:

	31 December 2023	31 December 2022
	£	£
In more than one year	826,666,630	828,598,282
In one year or less	203,836,828	85,837,773
	1,030,503,458	**914,436,055**

The Mortgage Loans and their related securities are pledged as security to the Talworth Entities and Atlas Entities lenders disclosed in note 13.

The assets are current and non-current disclosure is determined using the reversion date of the fixed term on the Mortgage Loans. The mismatch with liabilities, is driven by a change in methodology to determine the maturity profile. For Talworth-1 the liability is all treated as current due to the planned securitisation executed within 12 months of the balance sheet date. Atlas Funding 2021-1 plc liability is all treated as current due to the call within one month of the balance sheet date. These differences in the treatment of assets and liabilities result in a synthetic mismatch in the maturity profiles.

12 Cash at bank and in hand

	31 December 2023	31 December 2022
	£	£
Cash at bank	10,009,720	6,278,363
	10,009,720	**6,278,363**

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

13 Amounts owed to/(from) group undertakings

	31 December 2023 £	31 December 2022 £
Deemed loan from Talworth Ltd (Senior funding)	134,024,476	294,385,080
Deemed loan from Talworth 2 Ltd (Senior funding)	33,961,896	-
Deemed loan to Talworth 3 Ltd (Senior funding)	(159,600)	-
Deemed loan from Atlas Funding 2021-1 plc (Senior funding)	195,139,369	221,437,179
Deemed loan from Atlas Funding 2022-1 plc (Senior funding)	310,406,233	335,730,747
Deemed loan from Atlas Funding 2023-1 plc (Senior funding)	272,097,262	-
Loan from LendCo Finance Limited (Junior funding)	36,691,339	36,698,800
Loan to LendCo Holdings Limited	(372,000)	-
Loan to Lendco Mortgage Servicing Ltd	(183,449)	(814,474)
	981,605,526	**887,437,332**

The loan from LendCo Finance Limited represents the amounts drawn down under the intercompany loan funding agreement, which is unsecured and repayable on demand. There is no intention for the directors to call this amount. The book value of the loans from fellow group undertakings approximates their fair value.

Current vs non-current split made up for amounts due to group companies are as follows:	31 December 2023 £	31 December 2022 £
In more than one year	602,824,413	532,791,182
In one year or less	379,496,162	355,460,624
	982,320,575	**888,251,806**

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

13 Amounts owed to/(from) group undertakings (continued)

The table below shows the deemed loan from the Talworth Entities and Atlas Entities represent the amounts received upon the legal sale of the Mortgage Loans sold at origination at book value net of the corresponding funding provided by the Company to Talworth Entities and Atlas Entities. During 2023 £304m of BTL loans were sold as part of a planned securitisation to Atlas Funding 2023-1 plc. This table also represents the gross position of the top table in Note 13 but only in relation to SPVs.

	31 December 2023 £	31 December 2022 £
Net proceeds from legal sale of the Mortgage loans to Talworth Ltd at book value	147,492,651	317,879,822
Net proceeds from legal sale of the Mortgage loans to Talworth 2 Ltd at book value	45,629,226	-
Net proceeds from legal sale of the Mortgage loans to Talworth 3 Ltd at book value	-	-
Net proceeds from legal sale of the Mortgage loans to Atlas 2021-1 Plc at book value	218,944,210	246,053,394
Net proceeds from legal sale of the Mortgage loans to Atlas 2022-1 Plc at book value	334,229,650	360,015,641
Net proceeds from legal sale of the Mortgage loans to Atlas 2023-1 Plc at book value	293,019,814	-
Junior funding of the Mortgage Sale to Talworth Ltd by the Company	(13,468,176)	(23,494,742)
Junior funding of the Mortgage Sale to Talworth 2 Ltd by the Company	(11,667,329)	-
Junior funding of the Mortgage Sale to Talworth 3 Ltd by the Company	(159,600)	-
Junior funding of the Mortgage Sale to Atlas 2021-1 Plc by the Company	(23,804,840)	(24,616,215)
Junior funding of the Mortgage Sale to Atlas 2022-1 Plc by the Company	(23,823,417)	(24,284,894)
Junior funding of the Mortgage Sale to Atlas 2023-1 Plc by the Company	(20,922,553)	-
Total net Deemed loans	**945,469,636**	**851,553,006**

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

14 Trade creditors

	31 December 2023 £	31 December 2022 £
Repo	43,214,860	23,135,050
Medium Term Notes	2,525,000	-
Trade creditors	243,610	400,163
Corporation tax payable	-	817,442
Other creditors	55,846	190,410
Taxation and other	88,167	74,476
Accruals and deferred income	1,516,700	1,124,251
	47,644,183	**25,741,792**

Trade and other payables increased year-on year primarily due to additional Repo trades and MTN issuance.

During the year the Company launched a MTN program and completed the first issuance in October 2023 for £2.525m. The program is facilitated by LGB and allows the company to raise flexible, medium term debt financing from multiple private investors, with the ability to issue notes with different maturities and interest rates to match funding requirements. The Company also executed additional Repo trades in the year for the remaining unencumbered Atlas Funding 2022-1 plc and Atlas Funding 2023-1 plc CRR notes.

The maturity profile of trade and other payables was as follows:

	31 December 2023 £	31 December 2022 £ Restated*
In more than one year	32,131,722	21,337,235
In one year or less	15,512,461	4,404,557
	47,644,183	**25,741,792**

** Details of the restatement are given in Note 21.*

The assets are current and non-current disclosure is determined using the reversion date of the fixed term on the Mortgage Loans. The mismatch with liabilities, is driven by a change in methodology to determine the maturity profile. For Talworth-1 the liability is all treated as current due to the planned securitisation executed within 12 months of the balance sheet date. Atlas Funding 2021-1 plc liability is all treated as current due to the call within one month of the balance sheet date. These differences in the treatment of assets and liabilities result in a synthetic mismatch in the maturity profiles.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

15 Called up Share Capital

Ordinary shares £0.01 each

	Number	Value	
Authorised	1	0.01	(2022 : 1)
Allotted, called up and fully paid	1	0.01	(2022 : 1)

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

16 Cash generated from operations

	Year to 31 December 2023 £	Year to 31 December 2022 £
Profit before taxation	**6,928,846**	**7,592,999**
Amortisation of intangible assets	4,593	17,154
Depreciation of fixed assets	12,383	5,622
Net decrease/(increase) in amounts owed by group undertakings	99,425	(302,731)
Net decrease in mortgage loans	(116,067,403)	(294,831,935)
Net (increase)/decrease in trade and other debtors	(3,221,331)	274,655
Net increase in trade and other creditors	23,018,330	14,547,220
Cash outflow from operating activities	**(89,225,157)**	**(272,697,016)**

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

17 Related party transactions

During the year ended 31 December 2023 various transactions occurred between the Company and its fellow group undertakings. These included intra group financing via loans, recharges of shared costs for rent, IT and compliance and accounting function. All transactions were undertaken on an arm's length basis.

The amount of transactions during the year and balances outstanding as of 31 December 2023 were as follows:

	Interest income year to 31 December 2023 £	Interest expense year to 31 December 2023 £	Administrative expenses year to 31 December 2023 £
Talworth Ltd	-	8,023,600	-
Talworth 2 Ltd	-	2,233,503	-
Talworth 3 Ltd	-	-	-
Atlas Funding 2021-1 plc	-	9,307,441	-
Atlas Funding 2022-1 plc	-	12,688,852	-
Atlas Funding 2023-1 plc	-	9,937,729	-
LendCo Finance Limited	-	-	-
LendCo Holdings Limited	-	-	-
Lendco Mortgage Servicing Ltd	-	-	-
	-	42,191,125	-

Balances with fellow group undertakings

	Loans receivable 31 December 2023 £	Loans payable 31 December 2023 £	Trade receivables 31 December 2023 £
Talworth Ltd	-	134,024,476	-
Talworth 2 Ltd	-	33,961,896	-
Talworth 3 Ltd	159,600	-	-
Atlas Funding 2021-1 plc	-	195,139,369	-
Atlas Funding 2022-1 plc	-	310,406,233	-
Atlas Funding 2023-1 plc	-	272,097,262	-
LendCo Finance Limited	-	36,691,339	-
LendCo Holdings Limited	372,000	-	-
Lendco Mortgage Servicing Ltd	183,449	-	-
	715,049	982,320,575	-

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

17 Related party transactions (continued)

	Interest income year to 31 December 2022 £	Interest expense year to 31 December 2022 £	Administrative expenses year to 31 December 2022 £
Talworth Ltd	827,117	21,712,820	-
Atlas Funding 2021-1 plc	-	10,466,684	-
Atlas Funding 2022-1 plc	-	8,848,166	-
LendCo Finance Limited	-	-	-
LendCo Holdings Limited	-	-	-
SPF Private Clients Ltd	-	-	721,657
	827,117	41,027,670	721,657

Balances with fellow group undertakings

	Loans receivable 31 December 2022 £	Loans payable 31 December 2022 £	Trade receivables 31 December 2022 £
Talworth Ltd	-	294,385,080	-
Atlas Funding 2021-1 plc	-	221,437,179	-
Atlas Funding 2022-1 plc	-	335,730,747	-
LendCo Finance Limited	-	36,698,800	-
Lendco Mortgage Servicing Ltd	814,474	-	-
SPF Private Clients Limited	-	-	-
SPF Group Holdings Ltd	-	-	-
SPF Private Clients Holdings Ltd	-	-	-
	814,474	888,251,806	-

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

18 Analysis of change in net Debt

	As at 01-Jan-23 £	Cash movements £	Non-cash movements £	As at 31-Dec-23 £
2023				
Repo	(23,135,050)	(20,079,810)	-	(43,214,860)
Medium Term Notes	-	(2,525,000)	-	(2,525,000)
Investment in Atlas Debt Security	48,901,109	19,649,702	-	68,550,811
Cash at bank and in hand (restricted)	6,235,256	3,744,198	-	9,979,454
	32,001,315	789,090	-	32,790,405

	As at 01-Jan-22 £	Cash movements £	Non-cash movements £	As at 31-Dec-22 £
2022				
Repo	(8,695,351)	(14,439,699)	-	(23,135,050)
Investment in Atlas Debt Security	26,735,365	22,165,744	-	48,901,109
Cash at bank and in hand (restricted)	1,630,890	4,604,366	-	6,235,256
	19,670,904	12,330,411	-	32,001,315

19 Post balance sheet events

The special purpose vehicles, Talworth Ltd and Talworth No.3 Ltd, disposed of £347m BTL loans in May 2024 as part of a planned securitisation, namely Atlas Funding 2024-1 Plc, using the proceeds in turn to substantially repay its Senior, Junior, and all of Mezzanine debt obligations at the same time. Talworth Ltd and Talworth No.3 Ltd will continue to replenish their loan pool post this disposal.

The Atlas Funding 2021-1 plc deal was called on 25 January 2024 with the notes being settled fully by the Talworth Ltd and Talworth No.3 Ltd senior lenders, subordinate loan. The residual pool of loans were transferred to the Talworth Entities upon this pay down.

There have been 2 further issuances under the MTN Bond Programme run by LGB. The second issuance of £1,415,000 was received in January 2024 and a third issuance of £1,750,000 in May 2024.

The Bank of England implemented fourteen successive increases in the base rate, from 0.1% in December 2021 to 5.25% in August 2023 to manage inflation towards its 2% target. Inflation has reduced to the 2% target however, and market expectation is that the BOE will start cutting rates in the late summer this year. Mortgage rates have stabilised and started to slowly come down this year as a result, albeit with some conservancy, and are expected to reduce further when there is more certainty around the timing and quantum of the rate cuts.

NOTES TO THE FINANCIAL STATEMENTS – FOR THE YEAR ENDED 31 DECEMBER 2023

20 Parent undertaking

The Company's immediate parent company is LendCo Finance Limited (previously named SPF Group Finance Limited), who's ownership changed during the 2022 financial year from Lendco Holdings Limited (previously named SPF Group Holdings Limited) being the holding company. The ultimate parent undertaking and controlling party is Cabot Square Partners Holding Limited.

The parent undertaking of the small and largest group, which includes the company and for which group financial statements are prepared, is LendCo Holdings Limited, a company registered in England and Wales. The group financial statements are available from 33 Gracechurch Street, London, EC3V 0BT.

21 Prior year restatement

Following a review of the historic presentation in the Company's accounts of Trade and Other Payables, it was noted that the Repo liability in its entirety was disclosed as current rather than being split between current and non-current. The company periodically executes Repo trades and uses the CRR note investments in the Atlas Entities as collateral. The Repo liabilities are paid down in line with the Atlas Entities issued notes. The notes in turn are paid down in line with the redemptions of the underlying Mortgage Loans. The restatement for 2022 discloses the current and non-current portions of the Repo liability whereas previously it was all disclosed as current. The restated amount that moved disclosure from current to non-current was £21,337,235.

The restatement is only a disclosure update between categories of current and non-current and there are no consequential impacts in the strategic report, statement of comprehensive income, statements of financial position, statement of changes in equity and throughout the remainder of the notes to the financial statements other than that stated above.