

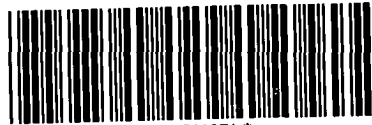
COMPANY REGISTRATION NUMBER: 12160912

**ASKIF FUNDING (SERIES 2019-1) LIMITED**

**Unaudited Financial Statements**

**For the Year Ended 31 December 2022**

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**ASKIF FUNDING (SERIES 2019-1) LIMITED**

**Financial Statements**

**for the year ended 31 December 2022**

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**ASKIF FUNDING (SERIES 2019-1) LIMITED**

**Company Information**

**for the year to 31 December 2022**

Directors:	Mrs S Bamert	
	Mr M A Harrowven	(Resigned 16 March 2023)
	A Daly	(Appointed 16 March 2023)

Registered Office:	C/O RSM LLP
	25 Farringdon Street
	London
	EC4A 4AB

Registered Number:	12160912 (England and Wales)
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# ASKIF FUNDING (SERIES 2019-1) LIMITED

## Statement of Financial Position

as at 31 December 2022

	Note	2022 £	2021 £
<b>Current assets</b>			
Debtors	7	2,704,117.	4,357,446
Cash		607,695	486,491
<b>Total current assets</b>		<b>3,311,812</b>	<b>4,843,937</b>
Creditors: amounts falling due within one year	8	(65,879)	(107,037)
<b>Net current assets</b>		<b>3,245,933</b>	<b>4,736,900</b>
Creditors: amounts falling due after more than one year	9	(3,224,090)	(4,719,388)
<b>Net Assets/(liabilities)</b>		<b>21,843</b>	<b>17,512</b>
<b>Capital and reserves</b>			
Share Capital	10	1	1
Retained earnings		21,842	17,511
<b>Shareholder Funds/(deficit)</b>		<b>21,843</b>	<b>17,512</b>

The Company is a private company limited by shares and registered in England and Wales. It was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006. In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

These financial statements have been prepared in compliance with Section 1a FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland in accordance with the provisions applicable to companies subject to the small companies regime.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the Board of Directors and authorised for issue on 19 June 2023 and are signed on behalf of the board by:



Alex Daly  
Director

Company registration number: 12152027

The notes on pages 3 to 9 form part of these financial statements.

## **ASKIF FUNDING (SERIES 2019-1) LIMITED**

### **Notes to the Financial Statements (continued)**

**for the year ended 31 December 2022**

#### **1. Statement of compliance**

These financial statements have been prepared in compliance with Section 1a FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland in accordance with the provisions applicable to companies subject to the small companies regime.

#### **2. General information**

AskIf Funding (Series 2019-1) Limited is a private company, limited by shares, registered in England and Wales, registration number 12152027, registered office address C/O RSM LLP, 25 Farringdon Street, London, England, EC4A 4AB.

#### **3. Accounting policies**

##### **Basis of preparation**

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

The financial statements are prepared in sterling which is the functional currency of the Company.

##### **Going concern**

The Directors believe that the Company is performing in line with Directors expectations and that it is well placed to manage its business risks successfully. The Directors expect that the Company will continue trading for a period of at least 12 months from the signing of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Please see Note 13 on Post Balance Sheet events on page 10 for further details on the Company's prospects.

##### **Significant judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

##### **Credit risk on Small and Micro-Enterprise ('SMiE') Loans**

Management use their judgement to determine if there is any indication of increased credit risk on issued SMiE Loans.

##### **Other key sources of estimation uncertainty expected loss coverage on SMiE loans**

Management estimate the loss coverage on SMiE loans on initial inception and following increases to the designated credit risk.

## **ASKIF FUNDING (SERIES 2019-1) LIMITED**

### **Notes to the Financial Statements (continued)**

**for the year ended 31 December 2022**

#### **Revenue recognition (continued)**

##### **(i) Interest Income (continued)**

Interest income on financial assets that are classified as non-derivative assets and interest expense on financial liabilities is determined by the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or a group of financial assets or liabilities) and allocating the interest income or interest expense over the expected life of the asset or liability.

Interest Income represents the interest received on loans made to Small and Micro-Enterprise borrowers ("SMiE borrowers"). Interest income is accrued on a time basis, by reference to the carrying value of the loan and the effective interest rate applicable at the initial recognition.

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

##### **(ii) Effective Interest Rate**

The effective interest rate ('EIR') is the rate that exactly discounts future cash flows to the instrument's initial carrying amount. All contractual terms of the financial instrument are considered when estimating future cash flows.

The initial carrying amount of loans to SMiE borrowers has been determined as the amount of loan advanced to the customer less the upfront arrangement fees paid by the customer. The EIR is the rate which discounts the future repayments from the SMiE borrower to the initial carrying amount.

#### **Financial instruments**

##### **(13) Financial assets**

Financial assets, other than SMiE Loans, are initially recognised at the transaction price (including transaction costs) and subsequently held at cost, less impairment

Loans to SMiE borrower are financial assets with fixed or determinable payments and are not quoted in an active market. Loans are recognised when cash is advanced to the borrower and initially recognised as the amount disbursed to the SMiE borrower, and subsequently measured at amortised cost over the term of the loan.

Loans are derecognised when the right to receive cash flows from the asset have expired, usually when all amounts outstanding have been repaid by the SMiE borrower or the loan has been written off.

##### **(13) Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each balance sheet date. The Company has developed a future expected cash flow model which is based on the recent past performance for a similar cohort of loans.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loan to the SMiE borrower, the estimated future cash flows have been affected. Objective evidence of specific impairment could include:

- significant financial difficulty of the SMiE, or
- default or delinquency in interest or principal payments, or
- it becomes probable that the SMiE will enter bankruptcy.

## ASKIF FUNDING (SERIES 2019-1) LIMITED

### Notes to the Financial Statements (continued)

for the year ended 31 December 2022

#### Financial instruments (continued)

##### (13) Impairment of financial assets (continued)

The Company has decided to select the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted in the EU), along with the disclosure and presentation requirements of FRS102. The Directors have adopted this approach as it is a more prudent method of recognised impairment losses.

The Directors have recognised loans to SMiE borrower in the following stages:

- Stage 1 – as soon as a financial instrument is originated, 12-month expected credit losses are recognised in profit or loss and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses.
- Stage 2 – if the credit risk increases significantly, full lifetime expected credit losses are recognised. A significant increase in credit risk is deemed to occur on:
  - no scheduled payments have been received from the relevant SMiE Borrower for up to two consecutive months, this does not include those which would otherwise have been payable during the term of any capital repayment holiday and no payments have subsequently been received by the SMiE Borrower (whether for all or part of the amount in arrears).
  - the loan application has been determined to be a first or third party fraud.
- Stage 3 – if the credit risk of a financial asset increases to the point that it is considered credit-impaired, lifetime expected credit losses are recognised on these financial assets. This will be deemed to occur on:
  - no scheduled payments have been received from the relevant SMiE Borrower for three consecutive months, this does not include those which would otherwise have been payable during the term of any capital repayment holiday and no payments have subsequently been received by the SMiE Borrower (whether for all or part of the amount in arrears).

The valuation assumed for a specific provision will always allow for a degree of subjectivity, as every deal and security structure is different. However, broadly, the Company operates to the following approach where specific provision is required, the Company will calculate the provision based on an amount equivalent to the difference between the provable recovery (net of costs) from known security, or British Business Bank Guarantee and the balance outstanding from the customer.

In the absence of provable recovery, the Company will provide for the full balance. Any and all receipts from provided for SMiE loans will be added back under changes to provisions.

The Company has updated the impairment rates during 2022 from those used in 2021 to reflect that the loan book has matured significantly. The Company will continue to make changes to the impairment rates during the coming years to reflect the emerging performance of the loans.

##### (13) Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

# ASKIF FUNDING (SERIES 2019-1) LIMITED

## Notes to the Financial Statements (continued)

for the year ended 31 December 2022

### Financial instruments (continued)

#### (13) Financial liabilities

Financial liabilities include trade and other payables and loans and other borrowings.

#### Taxation

Taxation for the period comprises current and deferred tax. 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.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### 4. Other income

	2022 £	2021 £
Other income	-	-
	<hr/>	<hr/>
	-	-

#### 5. Employees

The average number of employees during the period was nil (2021: nil)



**ASKIF FUNDING (SERIES 2019-1) LIMITED**  
**Notes to the Financial Statements (continued)**  
**for the year ended 31 December 2022**

**6. Tax on profit on ordinary activities**

	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
Profit/(loss) before tax	<b>5,347</b>	<b>40,289</b>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 19%	1,016	7,655
Effects of:		
Deferred tax not recognised	-	-
Trading losses brought forward	-	(3,547)
Tax charge for year	<u>1,016</u>	<u>4,108</u>

**7. Debtors**

	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
<b>Amounts falling due within one year</b>		
SMiE Loans receivable	1,686,228	853,755
Other debtors	194,210	157,049
	<u><b>1,880,438</b></u>	<u><b>1,010,804</b></u>
<b>Amounts falling due after more than one year</b>		
SMiE Loans receivable	823,679	3,346,642
<b>Total</b>	<u><b>2,704,117</b></u>	<u><b>4,357,446</b></u>

**8. Creditors: amounts falling due within one year**

	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
Bank loans and overdrafts	-	19
Corporation Tax	1,016	4,108
Trade creditors	16,923	33,584
Withholding Tax	12,013	15,512
Accrued interest payable	35,927	53,814
	<u><b>65,879</b></u>	<u><b>107,037</b></u>

**ASKIF FUNDING (SERIES 2019-1) LIMITED**  
**Notes to the Financial Statements (continued)**  
**for the year ended 31 December 2022**

**9. Creditors: amounts falling due after more than one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Sub-ordinated fee reserve	153,090	119,388
Syndicate loan – 2-5 years	3,071,000	4,600,000
	<u><b>3,224,090</b></u>	<u><b>4,719,388</b></u>

**10. Called up share capital**

**Allotted**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
1 Ordinary share of £1.00	<u><b>1</b></u>	<u><b>1</b></u>

**11. Related party transactions**

Ask Inclusive Finance Services Limited is a company with a common director.

During the year £63,600 (2021: £90,963) of Senior fees and £33,699 (2021: £77,875) of sub-ordinated fees were included in administrative expenses that are payable to Ask Inclusive Finance Services Limited.

Included in Trade Creditors is £10,589 (2021: £24,437) due to Ask Inclusive Finance Services Limited. Included in Sub-ordinated fee reserve is £153,090 (2021: £119,388) due to Ask Inclusive Finance Services Limited.

During the year services totalling £1,315 (2021: £15,867) were provided to the Company by Ask Inclusive Finance Services Limited.

Mrs Samantha Bamert is a director of the Company. Included in the Syndicated loan 2-5 years balance is £13,353 (2021: £20,000) owed to Mrs S Bamert. Included in accrued interest payable £188 (2021: £282) owed to Mrs S Bamert.

**12. Controlling party**

The Directors do not believe there to be an ultimate controlling party. This is because the Company's shares are held in trust and as such their shareholder is not considered to have control. Consequently, the results of the Company are not included in a set of consolidated accounts.

**13. Post Balance Sheet Events**

On 7<sup>th</sup> March 2023, the Company's primary servicer, Ask Inclusive Finance Services Limited went into administration. As a result, the agreement between the Company and Ask Inclusive Finance Services Limited was terminated on the 13<sup>th</sup> March 2023.

**ASKIF FUNDING (SERIES 2019-1) LIMITED**

**Notes to the Financial Statements (continued)**

**for the year ended 31 December 2022**

The Company invoked its back up servicer, RSM UK Restructuring Advisory LLP. RSM UK Restructuring Advisory LLP became primary servicer from the 14<sup>th</sup> March 2023. This decision was taken in order to meet the requirements of lenders, and the British Business Bank PLC as guarantor to all loans extended by the Company to small businesses.

The migration of servicing to RSM UK Restructuring Advisory LLP and the ongoing servicing costs of the loan book and administration of all other Company matters are forecast to be significantly higher than the costs previously budgeted by the Directors. This means that interest payments due to lenders will be deferred from April 2023 onwards, and it is likely that the interest and capital owed to lenders at maturity of their facility will not be fully paid. This position has been fully disclosed to the lenders and they have confirmed that they are supportive of the process being implemented by the Directors.

The Directors have appointed RSM UK Restructuring Advisory LLP as insolvency advisors to provide advice to the Board on how best to handle the orderly wind down of the Company over the remaining 3 years of the life of the loan facility, taking care during this period to optimise the position of all creditors.