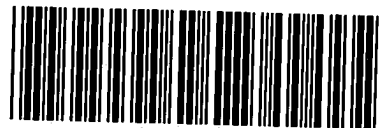


Company registration number 07365926 (England and Wales)

**ORCHARD BOND FINANCE PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE 10 MONTH PERIOD ENDED 31 JULY 2022**

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# ORCHARD BOND FINANCE PLC

## COMPANY INFORMATION

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<b>Directors</b>	Mr R Takhar Miss E Stratford L McShane Ms T Korenkova	(Appointed 25 February 2022)
<b>Secretary</b>	L McShane	
<b>Company number</b>	07365926	
<b>Registered office</b>	721 Capability Green Luton Bedfordshire UK LU1 3LU	
<b>Auditor</b>	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB	

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# ORCHARD BOND FINANCE PLC

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# ORCHARD BOND FINANCE PLC

## STRATEGIC REPORT (CONTINUED)

FOR THE 10 MONTH PERIOD ENDED 31 JULY 2022

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## STRATEGIC REPORT

FOR THE 10 MONTH PERIOD ENDED 31 JULY 2022

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The directors present the strategic report for the 10 month period ended 31 July 2022.

The company was incorporated in September 2010 as a private company under the name of CRM Associated Limited and was wholly owned by R Takhar, one of its directors. It was re-registered as a public company on 29 September 2021 and the shares transferred at par from R Takhar to Orchard Funding Group plc, the parent company of the Orchard Funding Group ("the group") on 10 December 2021.

The company issued a retail bond on 2 March 2022 which raised £3.90m against which there were costs of £0.20m. The company received £3.70m.

### Strategy, objectives and business review

The company's principal objective is to lend out the money raised through the bond issue, either directly or through other group companies, in a profitable, responsible manner and one which takes account of the risks involved in lending. At the year end no money has yet been lent. Prior to the company having its own bank accounts, cash from the bond issue was received by other group undertakings and some costs were paid by them. The type of lending will be as stated in the prospectus - secured and unsecured loans.

The business model will be a "hold to collect" model in which financial assets are held to maturity to collect cashflows rather than holding the assets for sale. As the group now has longer term lending, the five year bond enables these loans to be matched with borrowings. Given that the company had made no loans in the period, a fair review can only be to say that it raised £3.90m from the bond issue during the period.

### Principal risks and uncertainties

Although the company has not lent any money yet, there are still risks attaching to the borrowing.

Non-use risk - this is the risk that money raised from the bond issue will not be put to sufficient use to pay the interest. This risk is mitigated by the fact that fellow subsidiaries are all trading companies currently with a number of sources of funding. Bond money could replace that borrowing if needed.

Non-repayment risk - the risk that there will be insufficient funds to repay bondholders. The bonds are five year bonds which gives sufficient time for the board to build up sufficient cash to repay these.

There are other potential risks but, at present these are not seen as significant as the company is not lending yet.

### Future developments

The bond issue was made to ensure that the group had sufficient funding availability. At the year end none of the proceeds had been used to lend out to customers or other group companies. It is the intention of the board to lend for the purposes stated in the prospectus - secured and unsecured lending. This will take place when suitable products have been identified.

### Key performance indicators (KPIs)

#### Financial KPIs

There are no meaningful financial KPIs at present. When the company begins to lend it will adopt the following as its financial KPIs:

- lending volumes
- revenue
- net interest margin
- operating costs

# ORCHARD BOND FINANCE PLC

## STRATEGIC REPORT (CONTINUED)

FOR THE 10 MONTH PERIOD ENDED 31 JULY 2022

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### Non-financial KPIs

The most important of these will be quality of lending. The group already has a sound underwriting procedure to assess customers and introducers. Any money lent to the group will have this process applied in lending on. Any loans intended to be made externally by this company will utilise the group processes and systems to evaluate the quality of borrowers.

### Other information and explanations

The strategic report will, by necessity, be short this year. There has been no lending activity in the year only raising money through the issue of the retail bonds.

With this in mind the board believe that they have provided investors with sufficient information in respect of the strategic report.

### Promoting the success of the company

Section 172(1) requires a director of a company to act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to:

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.

The company has no employees and its only suppliers this year are those in connection with the bond issue. The decision to issue the bond was one which was taken by the group board and this company was used as the vehicle for that issue. As with other companies in the group, the company will follow the standards set by the main board and have compliance with them monitored.

The company has, so far, engaged with its bondholders via group's website at [orchardfundinggroupplc.com](http://orchardfundinggroupplc.com). It will do so in future in the same way as the parent does with its major shareholders - by meeting, telephone call or website.

On behalf of the board



L McShane  
Director

30 November 2022

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# ORCHARD BOND FINANCE PLC

## DIRECTORS' REPORT

### FOR THE 10 MONTH PERIOD ENDED 31 JULY 2022

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The directors present their annual report and financial statements for the 10 month period ended 31 July 2022.

The accounting reference date was changed from 30 September to 31 July to align it with other companies in the group.

The company did not trade in the previous accounting period.

#### **Results and dividends**

The results for the 10 month period are set out on page 12.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the 10 month period and up to the date of signature of the financial statements were as follows. There were no third party indemnity provisions for directors.

Mr R Takhar

Miss E Stratford

L McShane

Ms T Korenkova

(Appointed 25 February 2022)

No director is required to retire this year.

#### **Financial instruments**

The company's financial instruments comprise borrowings through the retail bond, cash held at the bank and cash held by the parent on behalf of the company.

The risks associated with external borrowings are discussed in the Strategic Report on page 1.

#### **Research and development**

During the financial period nothing was spent on research and development.

#### **Future developments**

Future developments are contained in the Strategic Report on page 1.

# ORCHARD BOND FINANCE PLC

## DIRECTORS' REPORT (CONTINUED)

FOR THE 10 MONTH PERIOD ENDED 31 JULY 2022

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



L McShane  
Director

30 November 2022

# ORCHARD BOND FINANCE PLC

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF ORCHARD BOND FINANCE PLC

#### Opinion

We have audited the financial statements of Orchard Bond Finance plc (the 'company') for the 10 month period ended 31 July 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2022 and of its loss for the 10 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Summary of our audit approach

<b>Key audit matters</b>	<ul style="list-style-type: none"><li>• Presentation, Classification and measurement of listed debt</li></ul>
<b>Materiality</b>	<ul style="list-style-type: none"><li>• Overall materiality: £111,000</li><li>• Performance materiality: £83,700</li></ul>
<b>Scope</b>	<ul style="list-style-type: none"><li>• Our audit procedures covered 100% of revenue, total assets and loss before tax.</li></ul>

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our 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) we identified, 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 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.



# ORCHARD BOND FINANCE PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF ORCHARD BOND FINANCE PLC

Presentation, Classification and measurement of listed debt	
Key audit matter description	The group has issued loan notes that are admitted to trading on the London Stock Exchange. The designation of these instruments as either basic or non-basic is dependent on the substance of the underlying contractual terms, and therefore the initial recognition and subsequent measurement basis is also dependent on the correct interpretation of these terms.
How the matter was addressed in the audit	Our procedures included: <ul style="list-style-type: none"><li>• Obtaining management's assessment of the measurement basis for the instruments by reference to the underlying terms and conditions attached to the company's various debt instruments in issue and evaluating the appropriateness and reasonableness of the treatment applied by management.</li><li>• Corroborate the key inputs to the measurement calculations and re-perform these calculations.</li></ul>

#### Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

Overall materiality	£111,000
Basis for determining overall materiality	3% of Total Assets
Rationale for benchmark applied	The company has only commenced operations in the period and for the period in question the only activity is to raise and hold funds following the issue of debt instruments. The company's total assets are, therefore, a key benchmark
Performance materiality	£83,700
Basis for determining performance materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £5,580 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

#### An overview of the scope of our audit

The company has been subject to a full scope audit.

# ORCHARD BOND FINANCE PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF ORCHARD BOND FINANCE PLC

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#### Conclusions relating to going concern

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

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

- understanding how the group cash flow forecasts for the going concern period had been prepared and the assumptions adopted;
- considering the reasonableness of the group projections against current year results;
- considering the outcome of the prior year budgets to current year results for the group;
- assessing the ability of the group to provide support for the company.

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial 10 month period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

# ORCHARD BOND FINANCE PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF ORCHARD BOND FINANCE PLC

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#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

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# ORCHARD BOND FINANCE PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF ORCHARD BOND FINANCE PLC

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the audit engagement team included:
IFRS and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; and Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of advice received from internal tax advisors.
FCA Compliance	We performed audit procedures to inquire of management, including the executive directors, whether the company is in compliance with these laws and regulations. We inspected compliance documentation, including but not limited to, compliance monitoring documentation, regulatory returns, the complaints register and follow up action and correspondence with the FCA as well as considering whether the group has acted within its permission of consumer credit and other regulatory obligations.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

#### Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 29 September 2022 to audit the financial statements for the period ending 31 July 2022. The period of total uninterrupted consecutive appointments is 1 period, covering the period ending 31 July 2022

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee in accordance with ISAs (UK).

# ORCHARD BOND FINANCE PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF ORCHARD BOND FINANCE PLC

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#### Use of our report

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

*RSM UK Audit LLP*

PAUL WATTS (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

Date: 30 November 2022

# ORCHARD BOND FINANCE PLC

## STATEMENT OF COMPREHENSIVE INCOME FOR THE 10 MONTH PERIOD ENDED 31 JULY 2022

		Period ended 31 July 2022 £	Year ended 30 September 2021 £
Administrative expenses	Notes	(44,352)	
Interest receivable and similar income	3	38	
Interest payable and similar expenses	4	(94,250)	
<b>Loss before taxation</b>	<b>2</b>	<b>(138,564)</b>	
Tax on loss	5	-	
<b>Loss for the financial 10 month period</b>		<b>(138,564)</b>	

The income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 16 to 20 form part of these financial statements.

# ORCHARD BOND FINANCE PLC

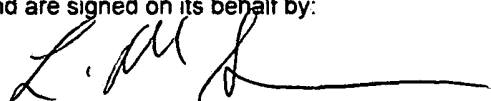
## STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2022

	Notes	31 July 2022 £	30 September 2021 £
<b>ASSETS</b>			
<b>Current assets</b>			
Debtors	6	2,642,102	50,000
Cash at bank and in hand		1,109,935	-
<b>Total assets</b>		<b>3,752,037</b>	<b>50,000</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Called up share capital	9	50,000	50,000
Profit and loss reserves		(138,564)	-
<b>Total equity</b>		<b>(88,564)</b>	<b>50,000</b>
<b>LIABILITIES</b>			
Creditors: amounts falling due after more than one year			
	8	3,702,244	-
Creditors: amounts falling due within one year			
	7	138,357	-
<b>Total equity and liabilities</b>		<b>3,752,037</b>	<b>50,000</b>

The notes on pages 16 to 20 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 30 November 2022 and are signed on its behalf by:



L McShane  
Director

Company Registration No. 07365926

# ORCHARD BOND FINANCE PLC

## STATEMENT OF CHANGES IN EQUITY

FOR THE 10 MONTH PERIOD ENDED 31 JULY 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 October 2020		1	-	1
<b>Year ended 30 September 2021:</b>				
Profit and total comprehensive income for the year		-	-	-
Issue of share capital	9	49,999	-	49,999
<b>Balance at 30 September 2021</b>		<u>50,000</u>	<u>-</u>	<u>50,000</u>
<b>Period ended 31 July 2022:</b>				
Loss and total comprehensive income for the period		-	(138,564)	(138,564)
<b>Balance at 31 July 2022</b>		<u>50,000</u>	<u>(138,564)</u>	<u>(88,564)</u>

The notes on pages 16 to 20 form part of these financial statements.



# ORCHARD BOND FINANCE PLC

## STATEMENT OF CASH FLOWS

FOR THE 10 MONTH PERIOD ENDED 31 JULY 2022

	Notes	31 July 2022 £	£	30 September 2021 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	12	(2,535,597)		(12,500)	
Interest paid		(94,250)		-	
<b>Net cash outflow from operating activities</b>		<b>(2,629,847)</b>		<b>(12,500)</b>	
<b>Investing activities</b>					
Interest received		38		-	
<b>Net cash generated from/(used in) investing activities</b>			<b>38</b>		
<b>Financing activities</b>					
Proceeds from issue of shares		37,500		12,500	
Proceeds from bond issue		3,702,244		-	
<b>Net cash generated from financing activities</b>			<b>3,739,744</b>		<b>12,500</b>
<b>Net increase in cash and cash equivalents</b>			<b>1,109,935</b>		
Cash and cash equivalents at beginning of 10 month period			-		-
<b>Cash and cash equivalents at end of 10 month period</b>			<b>1,109,935</b>		

The notes on pages 16 to 20 form part of these financial statements.

# ORCHARD BOND FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE 10 MONTH PERIOD ENDED 31 JULY 2022

#### 1 Accounting policies

##### Company information

Orchard Bond Finance plc is a public company limited by shares incorporated in England and Wales. The registered office is 721 Capability Green, Luton, Bedfordshire, UK, LU1 3LU.

The financial statements of the company are consolidated into the financial statements of Orchard Funding Group plc.

The consolidated financial statements of Orchard Funding Group plc are available from its registered office, 721 Capability Green, Luton, Bedfordshire LU1 3LU.

The company made no loans and received no income during the period, other than interest on amounts held with its bank.

#### 1.1 Reporting period

The company shortened its accounting period from 30 September 2022 to 31 July 2022.

This was to bring its accounting year end in line with the parent and rest of the group.

For the above reason, comparative amounts are not directly comparable, although there was no activity up to 30 September 2021.

#### 1.2 Accounting convention

The financial statements of the company been prepared in accordance with International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006. This is the first year that the company has reported under IAS. Prior to its acquisition by the parent it reported under Financial Reporting Standard 102 1a (FRS 102 1a). No adjustments were necessary to assets or liabilities to enable transition from IFRS 102 1a to IAS. Consequently, no balance sheet or income statement has been prepared for the pre-comparative year.

The financial statements have been prepared on a historical cost basis, although the market value of the issued bonds is disclosed separately.

#### 1.3 Going concern

The company has an excess of liabilities over assets which, in isolation, would indicate an inability to continue as a going concern. However, the company has received a letter of financial support from the parent indicating that it will provide financial support in enabling the company to meet its liabilities, to the point where the company is unable to do so itself. They have confirmed that they are able to do so and will provide such support initially until 31 July 2024.

At the time of approving the financial statements, the directors have therefore a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Financial instruments

##### Financial assets

Under IFRS 9 financial assets are classified and measured as:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss;

on the basis of both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Fair value is the price a willing buyer and willing seller would exchange an asset. It assumes that both parties have the same understanding of the transaction that they are entering into (one party does not have information that the other does not) and they enter into it freely.

In most cases initial cost will be a fair estimate of fair value.

The financial assets of the company consists of cash at bank and cash held by the parent.

# ORCHARD BOND FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE 10 MONTH PERIOD ENDED 31 JULY 2022

#### 1 Accounting policies

(Continued)

##### **Classification of financial liabilities**

Under IFRS 9 financial liabilities are classified as:

- measured at amortised cost;
- measured at fair value through profit or loss; or
- designated at fair value through profit or loss.

The company has one principal class of financial liabilities: borrowings from the bond issue.

##### **Borrowings from bond issue**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. After initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Charges consist of interest payable and are recognised as interest payable in the Statement of Comprehensive Income.

#### 1.5 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 2 Loss before taxation

	31 July 2022	30 September 2021
Loss before taxation for the period is stated after charging:	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	24,000	-

# ORCHARD BOND FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 10 MONTH PERIOD ENDED 31 JULY 2022

### 3 Interest receivable and similar income

	31 July 30 2022	September 2021
	£	£
Interest income		
Interest on bank deposits	38	-
	<u>38</u>	<u>-</u>
Interest on financial assets not measured at fair value through profit or loss	38	-
	<u>38</u>	<u>-</u>

### 4 Interest payable and similar expenses

	31 July 30 2022	September 2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	94,250	-
	<u>94,250</u>	<u>-</u>

### 5 Taxation

Expenses in the company are in excess of its income for this period. The company did not trade during the previous financial year. There is therefore no tax payable for either this or the previous period.

### 6 Debtors

	31 July 30 2022	September 2021
	£	£
Amounts falling due within one year:		
Unpaid share capital	-	37,500
Amounts owed by group undertakings	2,636,550	-
Other debtors	-	12,500
Prepayments and accrued income	5,552	-
	<u>2,642,102</u>	<u>50,000</u>

Amounts shown as owed by group undertakings are interest free and repayable on demand

### 7 Creditors: amounts falling due within one year

	31 July 30 2022	September 2021
	£	£
Accruals and deferred income	138,357	-
	<u>138,357</u>	<u>-</u>

# ORCHARD BOND FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 10 MONTH PERIOD ENDED 31 JULY 2022

### 8 Loans and overdrafts

	31 July 2022	30 September 2021
	£	£
Bonds	3,702,244	-
Payable after one year	3,702,244	-

The bonds are unsecured but supported by a guarantee from the parent amounting to 10% of the amount invested.

The bonds are five year bonds, are tradeable on the London Stock Exchange and bear interest at a rate of 6.25% per annum.

The market value of the bonds at 29 July 2022 (the last trading day before the year end) was £3,994,655.

### 9 Share capital

	31 July 2022	30 September 2021	31 July 2022	30 September 2021
	Number	Number	£	£
Ordinary share capital issued and fully paid				
Ordinary of £1 each	50,000	50,000	50,000	50,000

### 10 Related party transactions

The parent acquired all the shares in the company at par of £50,000 on 10 December 2021 from one of its directors, R Takhar who was the sole owner of the company.

The company raised £3,897,075 from its issue of retail bonds. Until 7 April 2022 cash received from this went through the parent as the company had no bank account at that time. The amount paid in was £2,797,300. Costs associated with the issue also went through the parent. These costs amounted to £210,750. The balance of £2,586,550 was held on behalf of the company by the parent. This is included as cash and cash equivalents in the Statement of Financial Position.

At the year end the company was owed £2,636,550 by the parent.

### 11 Ultimate controlling party

Orchard Funding Group plc is regarded by the directors as being the company's ultimate parent company.

The ultimate controlling party is R Takhar who owns 53.66% of the issued share capital of the ultimate parent company.

# ORCHARD BOND FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE 10 MONTH PERIOD ENDED 31 JULY 2022

### 12 Cash absorbed by operations

	31 July 2022	30 September 2021
	£	£
Loss for the 10 month period after tax	(138,564)	-
<b>Adjustments for:</b>		
Finance costs	94,250	-
Investment income	(38)	-
<b>Movements in working capital:</b>		
Increase in debtors	(2,629,602)	(12,500)
Increase in creditors	138,357	-
<b>Cash absorbed by operations</b>	<u>(2,535,597)</u>	<u>(12,500)</u>

### 13 Analysis of changes in net debt

	1 October 2021	Cash flows	31 July 2022
	£	£	£
Cash at bank and in hand	-	1,109,935	1,109,935
Borrowings excluding overdrafts	-	(3,702,244)	(3,702,244)
	-	<u>(2,592,309)</u>	<u>(2,592,309)</u>