Pfida Finance plc

Annual Report and Financial Statements
For the period ended 31 December 2023

Company Registration Number 12880960 (England and Wales)

pfida.com

COMPANY INFORMATION

Directors

Badrul (Salman) Hasan
Raza Ullah

Date of incorporation

15 September 2020

Registered address

Mirror Works
12 Marshgate Lane
London
E15 2NH

Company number

12880960

Auditor

AGP Consulting Chartered Accountants
Q West
Great West Road
Brentford
TW8 0GP

Legal advisors

Trowers & Hamlins
3 Bunhill Row
London
EC1Y 8YZ

Shakespeare Martineau
No 1 Colmore Square
Birmingham
B4 6AA

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INTRODUCTION

Pfida is an ethical fintech on a mission to provide everyone with equal and fair opportunities to save, invest and ultimately own a home without interest and debt. Pfida, previously known as Primary Finance, initially started with the aim of creating a fair and ethical solution to home buying in the UK. As winners of **'Technology Innovator'** and **'World Islamic Fintech'** awards, we have fast become a disruptive player in the market. Our goal is to create an ethical and fair world by providing financial products and services that benefit everyone, whilst eradicating debt. In 2019, we successfully launched our home finance product as an initial pilot. Since then, we have been working carefully to gain new customers, expand our infrastructure, grow our team, and develop our **Grow Your Savings ("GYS")** investment savings products. Both the home finance and GYS products are operated within **Pfida Finance plc.** This separate company has been established to provide segregation, to ensure that assets are fully safeguarded on behalf of our customers.

> "I believe in a better system, where homebuyer and financier are equal partners sharing mutual trust and respect, ultimately giving customers flexibility, control, and security in their finance agreements. Pfida provides this system, where nobody has to worry about the roof over their head, and both sides of the equation are protected."
>
> **Raza Ullah – CEO & Founder**

We believe in putting our customers at the heart of everything that we do. In addition to providing innovative and flexible solutions for home ownership, we are committed to providing low-risk investment savings accounts. These provide customers with an attractive return or allow them to save towards owning their own home, whilst also being confident that they are contributing towards an ethical project that is doing good for society.

Partnership-based finance and savings solutions, powered by tech

2023 Awards

2024 Nominations

Pfida Executive Leadership Team

Raza Ullah

Chief Executive Officer & Founder

18+ years' experience: Finance & Actuarial Services

Raza is a qualified actuary by background, with over 18 years of professional experience. Raza has previously worked within consultancy at PwC, where he advised multinational blue-chip organisations on technical reserving processes and capital validation. He has also worked in-house within the Lloyd's of London marketplace and at the Bank of England's Prudential Regulation Authority as a risk specialist.

Salman Hasan

Chief Legal Officer & Co-Founder

20+ years' experience: Solicitor & Islamic Finance Scholar

Salman is an English qualified solicitor and Islamic scholar with over 20 years of legal and Islamic finance experience. He has advised banks and financial institutions in the UK and the Middle East, practicing as a lawyer at an international law firm and later as an independent consultant. Recently, he advised the Bank of England on its Alternative Liquidity Facility, a first of its kind.

Azhar Khan

Chief Financial Officer

25+ years' experience: Risk, Finance & Consultancy

Azhar qualified as a chartered accountant with, then global, accountancy firm Arthur Andersen. Following executive roles at Charles Schwab Europe and Barclays Stockbrokers, he was part of the founding management team of Islamic Bank of Britain, the UK's first standalone retail Islamic bank. His further roles have included CFO of Al Rayan Bank and CFO & Executive Director of Qatar Islamic Bank (UK). He has extensive experience in Finance and Risk Management.

Richard Tugwell

Chief Strategy Officer

30+ years' experience: Sales. Marketing & Strategy

Richard has extensive experience within blue chip financial services firms. He has devised and implemented sales and distribution strategies and processes in both B2B and B2C environments, and created and managed the outputs of focused data analysis. He has also managed, measured, motivated and mentored high performing sales teams through active targeting, support and incentivisation, as well as developing market leading oversight and governance processes and reporting to keep companies safe.

STRATEGIC REPORT

The directors present the strategic report for Pfida Finance plc (the "Company") for the 15-month period ended 31 December 2023. The longer period is as a result of the Company changing its reporting date from 30 September to 31 December. Prior year comparatives are for the year ended 30 September 2022.

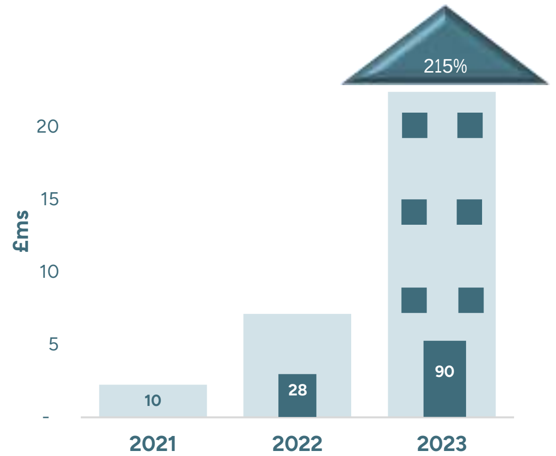
Financial performance

The financial statements for the period ended 31 December 2023 are shown on pages 16 to 25.

The Company had a successful period of continued growth, with financing assets growing by 215% to £22m from £7m in 2022. 62 new homes were financed in the period compared to 18 in the previous year. With a live pipeline of over 230 transactions and a waiting list, as at the date of approval of this annual report, of over 14,500 for the home finance product, this level of asset growth is set to continue. Five successful GYS investment rounds in the period raised a total of £14.5m which was deployed into financing homes and is generating consistent returns for GYS account holders. Additional savings products covering a range of requirements were launched in the period.

Target profit payments were consistently paid to GYS account holders throughout the period. Underpinned by robust underwriting and risk management processes, there were zero delinquencies on repayments from home finance customers.

Financing asset value (£) and number of properties financed as at end of period:



Financing by type as at 31 December 2023:

The purpose of the Company is to hold financial assets in a segregated manner, therefore providing home finance and GYS customers with stringent risk mitigation. The structure ensures that assets are protected from operational costs and impacts of Pfida Ltd, and GYS account holders have direct security over assets held by the Company.

The operations of the Company are managed by Pfida Ltd, a separate company, under a management services agreement. A fee for management services is paid by the Company to Pfida Ltd. The descriptions of processes, risk management and internal controls within this report include where these are provided through this service agreement.

Strategic plan

Overall focus in the coming years is on continued growth whilst ensuring robust risk management.

At the time of approving this annual report, total financed assets have grown further to over 100 live financed properties with a total property value of around £40m. A total of over £43m of funds have been received into the GYS investment savings accounts.

An overview of the Company's current products is shown on the following page. Areas of key focus going forward are summarised on page 8.

Current products
The Company's main products at this time provide customers with solutions for purchasing a residential property, either as their home or for buy-to-let purposes, and a range of investment savings accounts.

The key mission of the Company is to provide genuinely ethical products – putting the interests of customers first.

Further details on current products are provided below.

Financing	
Home Provision Scheme ("HPS")	This product aims to change the way home financing works, providing customers with unparalleled levels of flexibility and transparency putting them firmly in control, supported by information and functionality available at their fingertips through the web app. Through the app, customers are able to change their payments or length of financing with total flexibility and can see the impact of any considered changes immediately, allowing them to make informed decisions. HPS is designed to protect customers if their circumstances change with the flexibility to switch to a period of renting should they require. A truly ethical product by design, providing customers with the comfort and security that they will have the ability to adapt their financing should the unexpected happen. In turn, these mechanisms ensure that the Company maintains a steady income stream without the risk of default.
Buy-to-Let Purchase Plan ("BPP")	With similar flexibility to HPS, BPP enables customers to purchase residential property for investment purposes.

GYS Investment Savings	
GYS Home	The GYS Home account is designed for customers who are saving for a deposit to purchase their home or who wish to obtain a place on the priority list for home financing. Customers who have placed money in the GYS Home account are subsequently eligible to obtain preferential rates on their HPS or BPP – meaning that they may achieve significant savings for the long-term over the life of that product.
Other GYS accounts	A range of other GYS accounts are being offered, to cater for a range of requirements. These accounts are designed for customers who are not seeking to purchase their home with us, but are attracted by the flexibility, low-risk and competitive returns that these accounts offer. GYS, Charity and Business accounts were launched in the period which offer institutions a competitive return, but also provide comfort that funds are being utilised ethically and in line with their values. All monies placed in GYS accounts are secured directly against the assets of the Company, in the form of physical UK properties, providing strong risk mitigation and a low-risk option for placing funds. Whilst obtaining competitive returns, account holders are also safe in the knowledge that their money is being used for genuine positive impact, contributing positively to society.

STRATEGIC REPORT (CONTINUED)

Looking forward

Key focus for the future	
Customers	Continuing to keep our customers at the heart of everything that we do and providing: ▪ flexible, ethical and competitively priced solutions for home financing. ▪ a range of low-risk GYS accounts, providing returns in an ethical manner helping to provide benefit to society.
New products	There are a number of additional products in development. As with the current products, the aim will be to put the customer first, and provide solutions that redefine how finance products are designed. The Company plans to launch new property financing, investment savings products and develop partnership relationships in 2024.
Growth	At the time of approving this annual report, the Company has a portfolio of 105 financed properties with an acquisition cost of £38.5m. This represents an additional 77 properties financed in the period since the last reporting date. The Company will continue to focus on further controlled growth to help more customers achieve their goals of owning their own home.
Technology	The Company will continue to invest in its in-house tech to offer the best customer experience possible. Our team of developers continues to work in the background to make ongoing improvements to the customer journey.
Operations	In addition to enhancing the customer journey through tech, there will be an ongoing focus on strengthening operational processes and controls to ensure that these remain in line with future growth. This will be achieved by ensuring that the services provided under the management services agreement are scaled, monitored and remain in line with business growth.
Risk management	The Company is committed to a strong risk management framework and processes, and work will continue to further enhance these to ensure that the internal control environment fully supports strong risk management. This includes risk management through product design, risk management policies, and through the operational processes, procedures and controls in place either directly, or through the services provided by Pfida Ltd. Principal risks and mitigations are detailed on pages 9-10.

Principal risks & uncertainties

As with any business, the Company is subject to risks. These risks can be impacted by external factors such as the current or evolving political and economic climate.

The Company's product structure is designed to provide a high level of inherent risk management and it seeks to manage its risks carefully. The Company is committed to a strong culture of risk management to ensure assets are protected for its customers. The operations of the Company are managed by Pfida Ltd and the Company reviews the performance of services to ensure ongoing effectiveness and that levels of internal controls and risk management remain as required.

The main areas of risks, and the methods utilised to manage these risks, are outlined below. These will include controls established through the provision of services by Pfida Ltd.

Principal risks & uncertainties	Mitigations
Credit risk Credit risk is the risk of loss resulting from (a) the failure of other parties to meet their financial obligations to the Company or (b) the deterioration of creditworthiness of parties to which the Company is exposed.	▪ The Company's home financing product mitigates default risk using its 'equity buffer' mechanism to assist people having payment difficulties. This enables customers to make repayments for short periods of time using their equity which significantly reduces the risk of default. ▪ The Company also mitigates credit risk through adopting a conservative risk appetite framework and metrics, supporting this policy with appropriate concentration risk limits, a focus on the provision of products to markets where the Company has specific expertise, and appropriate level of supporting asset cover security. The approach is encompassed within detailed credit risk underwriting procedures including assessment of affordability when reviewing home purchase applications. ▪ The Company did not experience any adverse or delayed repayments during the period, providing confidence that the controls outlined above were operating effectively. Credit risk is impacted by wider economic factors. The ongoing future impacts of the cost of living will continue to be monitored, to ensure that the Company proactively reacts to any changes in credit risk profile.
Operational risk and resilience Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events.	▪ The operations of the Company are managed by Pfida Ltd under a service agreement. ▪ The Company mitigates operational risk by ensuring that risk appetite, policies and processes are aligned to the Company's structure and operating model. ▪ The Company ensures that the management services provided by Pfida Ltd continue to be effective and meet all of the Company's requirements to ensure adequate levels of operational controls and risk management.
Conduct risk Conduct risk is the risk of loss resulting from unfair customer outcomes.	▪ The Company's product structure is designed to provide maximum flexibility to its customers. This means that a customer can switch between making additional home purchase payments and rental-only payments in line with their changing intentions or financial situation. The Company is committed to dealing with all of its customers and investors with transparency and fairness, working closely with them to carefully understand and consider their specific circumstances, and to offer products accordingly.
Compliance and legal risk Compliance and legal risk is the risk of loss resulting from failing to comply with laws, rules, regulations, standards and codes of conduct. As part of its commitment to high standards of governance, the Company seeks to ensure complete regulatory compliance with no appetite or tolerance for deviation.	▪ The Company has mitigated compliance and legal risk by benefitting from the services of a highly experienced Chief Legal Officer (CLO), senior legal counsel and obtaining specialist legal advice on its products and business model. Based on this work, the Company has implemented robust compliance policies and procedures. The Company conducts continued horizon scanning and forward planning to ensure ongoing compliance with regulatory requirements. Additionally, there is regular monitoring of policies, including refinement of processes and controls to ensure ongoing suitability as the business develops. ▪ A dedicated Compliance function is in place, including a specialist Compliance Manager.

Principal risks & uncertainties (continued)

Principal risks & uncertainties	Mitigations
Strategic risk This is the risk of loss resulting from a failure to define or deliver the Company's strategy.	▪ Strategic risk is mitigated by clear setting of the Company's risk appetite by the Board with a focus on identification and reduction of risks, with financial limits in place to limit exposure to risks where appropriate. Processes for the continued monitoring of performance against the Company's strategy and financial plans are in place, through financial and non-financial KPIs. There is also ongoing review of external risks, including competitor analysis and operational dependencies on third parties. Additionally, the Company conducts analysis of the overall market and competitor landscape to inform the strategic plan and approach to market to ensure that strategic objectives remain achievable. ▪ The Company benefits from the services of an experienced Chief Strategy Officer.
Information risk Information risk is the risk of loss resulting from the compromise of information relating to its confidentiality, integrity, accessibility, or availability.	▪ This risk is mitigated by maintenance and monitoring of policies, including continued refinement of processes and controls to ensure ongoing suitability. Robust IT security policies and controls have been implemented and the performance of these is monitored.
Financial crime risk This is the risk of loss through engaging with or facilitating criminal conduct in breach of financial crime laws, rules, and regulations.	▪ The Company mitigates this risk by ensuring that risk appetite, policies and processes are aligned to the Company's structure and operating model, and by implementing dedicated policies, standards and guidelines across anti-money laundering (AML) / counter terrorist financing (CTF), sanctions, anti-bribery and corruption, anti-fraud, politically exposed persons (PEPs) and tax transparency. Financial crime customer risk assessments, including the use of enhanced due diligence and enhanced governance via a risk-based approach are utilised. ▪ Ongoing monitoring activities, including customer due diligence and sanctions screening are adopted within the Company's procedures and its policies also cover transaction monitoring and suspicious activity reporting (SAR) according to a risk-based approach where these may be required. The Company ensures the maintenance and monitoring of policies, including continued refinement of processes and controls to ensure ongoing suitability. Additionally, the Company reviews and monitors the suitability of system infrastructure and technology to meet operational requirements for customer due diligence and transaction monitoring. Ongoing staff awareness training and assurance mechanisms, including dedicated Company-wide financial crime training has been delivered during the period.
Reputational risk The Company provides all of its products and services in line with the principles of ethical finance, with the Company having been established with this underlying ethos. There is inherent reputational risk resulting from failure to comply with these stated parameters.	▪ This risk is mitigated by ensuring products, services, policies, procedures, transactions, and behaviours are aligned to ethical principles and the ethical code of the Company. Processes are in place for the monitoring, oversight, and challenge of the Company's activities through a Risk Committee. Controls include the review of products and initiatives prior to launch, or any changes being implemented to ensure continued compliance across all areas of the business and product offerings.

STRATEGIC REPORT (CONTINUED)

Key performance indicators

The Board reviews key performance indicators (KPIs) which will develop further over time. The key performance indicators in the period are summarised below:

	2023	2022
Properties financed in period	62	18
Cumulative total properties being financed at period end	90	28
Cumulative total properties financed (including redeemed)	99	36
Outstanding financing as at period end £	£23.3m	£7.3m
Total payment inflows from properties in period £	£1.23m	£0.34m
Number of payment defaults from properties	nil	nil
GYS investment savings account inflows	£32.5m	£10.7m
% of target returns paid to GYS account holders	100%	100%

Promoting the success of the Company

In accordance with Section 172 of the Companies Act 2006, the directors are required to act in a way they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have had regard, among other matters, to:

- The likely consequence of any decision in the long term;
- The interests of the Company's employees in the future;
- The need to foster the Company's business relationships with suppliers, service providers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly with members of the Company.

The directors have approved the Company's strategy and business plan for 2023-24 after ensuring the above matters were given due consideration and the needs of all stakeholders were incorporated.

The Board regularly receives reports from management on issues concerning customers, finances, service providers and regulators, which it takes into account in its decision-making process. The Board also reviews the financial and operational performance of the Company, including key risk areas and legal, regulatory and other compliance.

The focus of the Board is to ensure the continued growth of the Company in a controlled manner in line with the strategic plans, through offering its customers exceptional products and service.

DIRECTORS' REPORT

The directors present their annual report and financial statements for the period ended 31 December 2023. This represents the longer 15-month period from 1 October 2022 following a change in the Company's reporting date to 31 December. Prior year comparatives are for the year ended 30 September 2022.

Principal activities

The principal activity of the Company is to provide an alternative product to allow homebuyers the ability to acquire their homes or investment properties. This is completed through raising of capital from GYS investors who are seeking attractive investment returns and where the ethical nature of the organisation they are dealing with is important. Capital raised is utilised to acquire properties for the use of homebuyers.

Results and dividends

The results for the period are set out on pages 16 to 25.

Ordinary dividends were paid amounting to £227,431 (2022: £71,325) which represented the returns paid to GYS account holders by sharing profits made from the provision of the financing facilities. These were fully in line with target returns with no exceptions.

Directors

The directors who held office during the period and up to the date of approval of the financial statements were as follows:

Badrul (Salman) Hasan
Raza Ullah

Financial instruments

The Company's approach to financial risk management is outlined in the strategic report.

Auditor

AGP Consulting was appointed as auditor to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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

Raza Ullah
Director

Date: 21 June 2024

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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.

INDEPENDENT AUDITOR'S REPORT

Opinion
We have audited the financial statements of Pfida Finance plc (the "Company") for the period ended 31 December 2023 which comprise the income statement, the statement of financial position, the 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 December 2023 and of its profit for the 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.

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.

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 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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 our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the financial reporting framework, the Companies Act 2006 and the relevant tax compliance regulations.

We considered the provisions of other laws and regulations that do not have a direct effect on the financial statement but compliance with which may be fundamental to the ability of the Company to operate and hence may affect the Company's ability to continue as a going concern. These include compliance with laws and regulations in relation to raising finance and capital, laws in relation to investment and letting of properties and obligations towards tenants.

We assessed the susceptibility of the Company's financial statements to material misstatements, including how fraud might occur, by discussing with the directors, where they considered there was a susceptibility to fraud. Due to the small nature of the business more weight was put in terms of discussion with management rather than review of Company minutes and documentation.

Our audit planning identified fraud risks in relation to management override. We considered the processes and controls the Company had established to address risks identified or that otherwise prevent, deter and detect fraud; and how management monitors those processes and controls.

We designed our audit procedures to detect irregularities, including fraud. Our procedures included review of the on-boarding of new shareholders and review of loan agreement and based on our understanding of the business, together with enquires of the directors.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

For and on behalf of AGP Consulting

Date: 21 June 2024

Forhad Ahmed
Senior Statutory Auditor

Q West
Great West Road
Brentford
TW8 0GP

FINANCIAL STATEMENTS

Income Statement

For the period ended 31 December 2023

	Notes	2023 £	2022 £
Income from financing	**3**	799,072	165,237
Administrative expenses	**4**	(483,251)	(77,058)
Profit before tax		**315,821**	**88,179**
Tax	**7**	(71,409)	(16,754)
Profit for the period		**244,412**	**71,425**

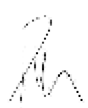
The income statement has been prepared on the basis that all operations are continuing operations. There is no other comprehensive income for the period, other than the profit shown above.

Statement of Financial Position

As at 31 December 2023

	Notes	2023 £	2022 £
ASSETS			
Cash		214,833	1,174,379
Receivables	**10**	9,100	359,750
Financing assets	**11**	22,426,863	7,120,483
Total assets		**22,650,796**	**8,654,612**
LIABILITIES			
Payables	**12**	2,702,241	31,540
Total liabilities		**2,702,241**	**31,540**
EQUITY			
Share capital	**13**	19,931,317	8,622,816
Reserves		17,238	256
Total equity		**19,948,555**	**8,623,072**
Total liabilities & equity		**22,650,796**	**8,654,612**

The financial statements were approved by the board of directors and authorised for issue on 21 June 2024 and are signed on its behalf by:



Raza Ullah
Director

Company Registration No. 12880960

FINANCIAL STATEMENTS (CONTINUED)

Statement of Changes in Equity

For the period ended 31 December 2023

	Notes	Share Capital £	Reserves £	Total £
Year ended 30 September 2022				
Balance as at 1 October 2021		4,023,417	156	4,023,573
Total comprehensive income for the year		-	71,425	71,425
Issued share capital	**13**	4,599,399	-	4,599,399
Dividends	**8**	-	(71,325)	(71,325)
Balance as at 30 September 2022		**8,622,816**	**256**	**8,623,072**
Period ended 31 December 2023				
Balance as at 1 October 2022		8,622,816	256	8,623,072
Total comprehensive income for the period			244,412	244,412
Issued share capital	**13**	11,308,501		11,308,501
Dividends	**8**		(227,430)	(227,430)
Balance as at 31 December 2023		**19,931,317**	**17,238**	**19,948,555**

Statement of Cash Flows

For the period ended 31 December 2023

	Notes	2023 £	2022 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	**15**	3,255,571	(266,844)
Taxes paid		(16,754)	(3,244)
Net cash inflows / (outflows) from operating activities		**3,238,817**	**(270,088)**
INVESTING ACTIVITIES			
Funding provided for the acquisition of financial instruments		(15,306,380)	(4,875,057)
Net cash used in investing activities		**(15,306,380)**	**(4,875,057)**
FINANCING ACTIVITIES			
Proceeds from issue of shares		11,308,501	4,599,399
Dividends paid		(200,484)	(71,325)
Net cash generated from financing activities		**11,108,017**	**4,528,074**
Net decrease in cash and cash equivalents		**(959,546)**	**(617,071)**
Cash and cash equivalents at beginning of period		1,174,379	1,791,450
Cash and cash equivalents at end of period		**214,833**	**1,174,379**

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2023

1. Accounting policies

Company information
Pfida Finance plc is a public company limited by shares incorporated in England and Wales. The registered office is Mirror Works, 12 Marshgate Lane, London E15 2NH.

Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in pound sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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

The directors are satisfied having modelled a range of possible macroeconomic scenarios, that there are no factors that will impact the Company's ability to continue as a going concern.

Reporting period
The financial statements of the Company are presented for the 15-month period of 1 October 2022 to 31 December 2023. Prior year comparatives are for the year ended 30 September 2022.

Turnover
Fee and commission income that relates mainly to transaction and service fees is recognised as the related services are performed.

Directly attributable fees and costs relating to the Home Provision Scheme ("HPS") and Buy-to-let Purchase Plan ("BPP") transactions are recognised as they arise as the related expenditure is recorded in the same period.

Cash and cash equivalents
Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments
The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective profit rate method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate. Financial assets classified as receivable within one year are not amortised. During the period basic financial assets did not require any discounting.

1. Accounting policies (continued)

Other financial assets

Home Provision Scheme ("HPS") and Buy-to-Let Purchase Plan ("BPP") products are provided using partnership and lease principles. The Company enters into an agreement to purchase a property and rental income is received by the Company relating to the proportion of the property effectively owned by the Company at any point in time. The other party to the agreement will make separate payments to purchase additional proportions of the property from the Company, thereby reducing the Company's effective share. HPS and BPP financing are recognised initially at fair value and subsequently at amortised cost to the extent that the financing charges exceed the set payment pattern.

A financial asset is recognised upon legal completion of the property purchase with the fair value at inception recognised as the receivable amount equal to the Company's net investment in the transaction. Where initial direct costs are incurred by the Company such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging the transaction, these costs and fees are not included in the initial measurement of the receivable as these amounts are recovered initially from the other party and recognised as income offsetting the cost. Rental income is recognised income from financial instruments based on an effective profit rate internally calculated based on market rentals discounted to reflect the willingness of the other party to purchase further share of the property. Due to the flexible nature of the instrument, there is not a constant periodic rate of return on the Company's net investment, but it follows the rent as it is earned as there are no penalties for early exit of the contract.

The BPP financial instruments are by way of a financing arrangement and reduction in the amounts due are reflected by way of repayments recorded on the finance amount. HPS are reflected at the total amount of financing, which is netted off against further acquisition of the share in the property. The repaid element of the financing amount is recorded by issuance of Z Ordinary shares in the Company; however, all amounts due are offset in calculating the service charges as the nature is such that they are directly related to the finance amount. Due to this the legal nature of the instruments is overridden by the substance of the transaction and these shares are reflected as an offset against the financial instrument.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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 financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities as payment is due within one year or less.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied, and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

For the period ended 31 December 2023

1. Accounting policies (continued)

Derecognition of financial liabilities
Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

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

Foreign exchange
Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2. Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements;

Income from financing assets recognised on an amortised cost basis is recorded using the effective profit rate (EPR) method. The EPR method is the rate that exactly discounts the estimated stream of cash payments or receipts, without consideration of future credit losses, over the expected life (behavioural life) of the financial instrument. The key estimate within this calculation is the expected behavioural life of the customer.

Management updates the estimates on expected behavioural life and product switch behaviours to incorporate additional customer information as the customer portfolios mature and more data becomes available. The actual behaviour of the portfolios is compared to modelled behaviour on a regular basis as significant financing products and customer tranches mature. The forward-looking profit rates used during the expected life do not incorporate any impact from future base rate changes.

The main judgemental element relates to both BPP and HPS contracts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 December 2023

3. Revenue

	2023 £	2022 £
Income from financing transactions	788,145	161,817
Other fee income	10,927	3,420
	799,072	**165,237**

4. Administrative expenses

	2023 £	2022 £
Management service fees	467,637	64,939
Other costs	15,614	12,119
	483,251	**77,058**

5. Auditor's remuneration included within other costs

	2023 £	2022 £
Fees payable for the audit of the Company's financial statements	8,560	7,200
	8,560	**7,200**

6. Employees

There are no employees of the Company (2022: nil), as operations are managed under a management services agreement by Pfida Ltd.

7. Taxation

	2023 £	2022 £
Tax on profit at standard UK rate of 22.61% (2022:19%)	71,409	16,754
	71,409	**16,754**

There is no difference between the actual tax charge for the period and the expected charge based on the profit for the period of £71,409 (2022: £16,754) and the standard UK corporation tax rate.

8. Dividends

	2023 £	2022 £
Awarded during period	227,430	71,325
	227,430	**71,325**

9. Financial instruments

Financial instrument risk management
The Company has exposure to the following risks arising from its use of financial instruments:

a) Credit risk
b) Liquidity risk
c) Market risk
d) Concentration risk

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing these risks, and its management of capital.

Risk Management Framework (RMF)
The Board has overall responsibility for the establishment of the Company's RMF. The Company's management, by way of the management service agreement, are responsible for developing and monitoring risk management policies in their specific areas.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

Risk management controls and procedures are considered by management, both as part of the regular review programme and through ad-hoc reviews. Overall risks and controls are reviewed and monitored by a Risk Committee.

(a) Credit risk
Credit risk is the risk of loss arising from the failure of a customer or counterparty to meet their contractual obligations. The risk arises from the Company's secured finance provided to customers.

(i) Management of credit risk
The Board of Directors has delegated responsibility for the management of credit risk to Pfida Ltd's Executive Committee through the management services agreement. This includes:

Formulating credit policies, covering credit assessments, collateral requirements, risk reporting, legal requirements, and statutory requirements. Establishing authorisation limits and structures for the approval and renewal of credit exposure limits. Reviewing and assessing credit risk prior to agreements being entered into with customers and ensuring that security is in place and properties acquired are professionally valued. Ongoing assessment of exposure and implementation of procedures to reduce this exposure. All financing transactions are reviewed and approved by the Legal and Compliance departments and an approval committee process comprising the Head of Underwriting, CFO and CEO.

(ii) Exposure to credit risk
The Company's maximum exposure is normally to only provide funding where the Customer has provided initially at least 20% of the value of the property as their contribution. This may be reduced on a case by case basis and the intention is to offer products with a lower initial contribution, subject to the appropriate risk assessment.

(iii) Collateral
The Company legally has ownership of all properties financed under its HPS product and a first fixed charge over all properties financed under its BPP product. The Company holds these as part of a business arrangement but with the contractual flexibility to waive any rights to any increase in value of the property. Though properties are legally owned or subject to a fixed charge, it is expected where the customer purchases the property from the Company, that the Company will not take upside in the property value increase and the downside risk is mitigated by the Company's ability to veto sale at a loss. As such these are considered collateral against financing provided. Estimates of fair value are based on the value of collateral assessed at the time of financing and are updated on a periodic basis. The estimated fair value of property considered as collateral against financial assets as at the period end is £30.4m (2023: £9.0m).

9. Financial instruments (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its commitments when they fall due or can secure such resources only at excessive cost. The Company's approach to managing liquidity is to ensure that it will aim to have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The risk arises when long term assets are funded by short-term, mostly on demand accounts, results in structural mismatches which can put pressure on resources. To mitigate this risk, the Company only matches equity with long term assets. The Company does not have any long-term debt, that it needs to manage. The Board reviews, at least annually, the adequacy of its liquidity.

(c) Market risk

Market risk is the risk of changes in the value of, or loss of income arising from adverse market movements, including foreign exchange rates, profit rates and basis risk. The objective of market risk management is to manage and control exposures within acceptable parameters, whilst optimising returns. The Company does not have residual exposure to any material foreign currency risk. Given the Company's current profile of financial instruments, the principal exposure is the risk of loss arising from fluctuations in the future cash flows or fair values of these financial instruments because of a change in achievable rates. This is managed principally through the contractual flexibility on the discount given on market rental rates and matching these to achieve cashflow targets.

(d) Concentration risk

Concentration risk is the risk of loss arising from inadequate diversification of credit risk across sectors. The risk arises due to exposure to specific geographical locations, industry sectors or particular customers or institutions. This is managed by products only focused on low-risk products, the Company also reduces risk by ensuring that it does not finance more than 2 properties within any postcode or more than 10 properties in any given postal area.

10. Receivables

	2023	2022
	£	£
Due from related party	9,100	359,750
	9,100	**359,750**

This relates to cash received into a related entity which was in the process of being transferred to the Company as the end of the period. All monies due were subsequently transferred and received by the Company.

11. Financing assets

	2023	2022
	£	£
Carrying amount of financing assets		
Measured at fair value through profit & loss	22,426,863	7,120,483
	22,426,863	**7,120,483**

12. Payables

	2023	2022
	£	£
Amounts falling due within one year		
Accounts payable	-	3,986
Corporation tax	71,409	16,754
Accruals & deferred income	12,500	10,800
Dividends payable	26,946	-
Intercompany balance	2,532,576	-
Other payables	58,810	-
	2,702,241	**31,540**

For the period ended 31 December 2023

13. Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital issued and fully paid				
Ordinary of 1p each	5	5	-	-
Ordinary A and Redeemable A of 1p each	1,516,768,799	37,790,193	15,167,688	377,902
Ordinary B and Redeemable B of 1p each	-	143,512,773	-	1,435,128
Ordinary C and Redeemable C of 1p each	-	246,041,296	-	2,460,413
Ordinary D and Redeemable D of 1p each	-	384,839,318	-	3,848,393
Ordinary M and Redeemable M of 1p each	23,526,773	-	235,268	-
Redeemable L of 1p each	1,009,726	-	10,097	-
Redeemable N of 1p each	128,669,464	-	1,286,695	-
Redeemable Q of 1p each	5,000,000	-	50,000	-
Redeemable R of 1p each	50,000,000	-	500,000	-
Redeemable S of 1p each	160,464,834	-	1,604,648	-
Redeemable V of 1p each	5,000,000	-	50,000	-
Redeemable W of 1p each	1,041,261	-	10,413	-
Redeemable X of 1p each	33,821,322	-	338,213	-
Redeemable Y of 1p each	67,829,522	50,097,981	678,295	500,980
	1,993,131,706	**862,281,566**	**19,931,317**	**8,622,816**

The Company has various classes of ordinary shares which carry no right to fixed income. The Company has Ordinary Shares of £0.01 each, which carry voting rights. Additionally, the Company has in issue Ordinary Shares listed as A, B, C, D and M Ordinary shares of £0.01 each and A, B, C, D, L, M, N Q, R, S, V, W, X and Y Redeemable shares of £0.01 each. These shares do not carry voting rights, have no right to fixed income but have a right to distributable profits at the discretion of the Board. This will vary

dependent on the specific class. The Company also has Z Ordinary shares of £0.01 each and Z Redeemable shares of £0.01 each, which carry no voting rights and have no rights to income unless at the discretion of the Board. These shares are issued as part of the shared ownership model which has been classified as a Financial Instrument under the HPS product. These amounts reflect the amount of financial instrument net of the Par Value of Z Shares to calculate the financing charge. As such it has been considered to be excluded from share capital and offset against the financial instrument to reflect the substance of the transaction. At the period end the par value of Z ordinary and redeemable shares offset and netted off against Financial Instrument Asset was £7,799,666 (2022: £1,769,389).

All shares were paid and fully allotted during the period. The redeemable shares included above at 1p are: Redeemable A – 1,372,659,008 (2022: 28,277,306), Redeemable B – nil (2022: 106,692,947), Redeemable C - nil (2022: 177,359,970), Redeemable D - nil (2022: 275,244,015), Redeemable L – 1,009,726 (2022: nil), Redeemable M – 21,019,267 (2022: nil), Redeemable N – 128,669,464 (2022: nil), Redeemable Q – 5,000,000 (2022: nil), Redeemable R – 50,000,000 (2022: nil), Redeemable S – 160,464,834 (2022: nil), Redeemable V – 5,000,000 (2022: nil) , Redeemable W – 1,041,261 (2022: nil), Redeemable X – 33,821,322 (2022: nil) and Y Redeemable 67,829,522 (2022: 50,097,981). Also offset against financial assets are Z redeemable of 779,966,604 (2022: 87,418,828).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 December 2023

14. Related party transactions

Pfida Ltd, a company incorporated in England and Wales, is a related party by virtue of common directorship. Pfida Ltd provides management services to the Company.

	2023	2022
	£	£
During the period the Company entered into the following transactions with related parties:		
Management services provided	467,637	64,939
	467,637	**64,939**

In addition Pfida Limited acquired £105,061 of S and W Redeemable 1p Shares of Pfida plc.

	2023	2022
	£	£
The following amounts were outstanding at the reporting end date:		
Amount due from Pfida Ltd	9,100	359,750
	9,100	**359,750**
Amount due to Pfida Ltd	2,532,576	-
	2,532,576	**-**

During the period the Company obtained £2m of temporary funding from Pfida Ltd to assist with the timely completion of planned property purchases and this was payable at the end of the period. This amount has been fully repaid subsequent to the reporting date.

13. Cash generated from operations

	2023	2022
	£	£
Profit for the period after tax	244,412	71,425
Adjustments for:		
Taxation charges	71,409	16,754
Movements in working capital:		
Decrease / (Increase) in receivables	350,650	(359,750)
Increase in payables	2,589,100	4,727
Cash generated from operations	**3,255,571**	**(266,844)**

14. Changes in net funds

	1 Oct 2022	Cash flows	31 Dec 2023
	£	£	£
Cash at bank	1,174,379	(959,546)	214,833
	1,174,379	**(959,546)**	**214,833**