

TAX

**LC LONDON CREDIT AIF V.C.I.C. PUBLIC
LTD**

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

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For the year ended 31 December 2022

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LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD**OFFICERS AND PROFESSIONAL ADVISORS**

Board of Directors	Marios Hadjiroussos Dmitry Khenkin
Secretary	Consulco Secretarial Limited
Independent Auditors	BDO Limited Certified Public Accountants (CY) and Registered Auditors 236 Strovolou Avenue P.C. 2048 Strovolos Nicosia, Cyprus
Fund Administrator	KPMG Limited
External Manager	Consulco Capital Limited
Legal Advisors	Antis Triantafyllides & Sons Limited
Depository	Eurobank Cyprus Ltd
Registered Office	73 Metochiou Street 2407, Egkomi Nicosia, Cyprus
Registration number	HE401597

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD**AIF MANAGER REPORT****In relation to LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD (the "Fund")****Introduction**

LC London Credit AIF V.C.I.C. Public Ltd (hereinafter the "Fund") is an open-ended umbrella Alternative Investment Fund ("AIF") established in Cyprus on 3rd of September 2019, as a variable capital investment company incorporated under the Companies Law Cap. 113 and licensed by the Cyprus Securities and Exchange Commission (hereinafter the "Commission") to operate as an Alternative Investment Fund under the Alternative Investment Fund Law of 2018, having license number AIF50/2018. It is solely addressed to Well Informed and Professional investors as defined in section 2 of the Alternative Investment Funds Law of 2018.

Incorporation

The fund was incorporated on 3 September 2019.

Investment Strategy

Finance Participation Fund's (the investment Compartment of the Fund) investment strategy is participation through subsidiary/ies in enterprises that provide lending solutions to individuals and private companies currently underserved by traditional lenders. These lending opportunities typically offer the potential for above-market risk-adjusted returns.

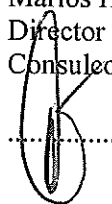
More specifically, the investment strategy focuses on participation in short-medium term debt secured with Greater London, UK real estate as described in this Prospectus.

Finance Participation Fund shall aim to invest a minimum of 90% of each Shareholder's Capital Contribution in loan participations and up to 10% in Cash.

Participation in Loans

Finance Participation Fund will be participating through subsidiary/ies in bridge financing granted to mainly UK borrowers and secured with first or second legal charge of properties in Greater London and other major UK cities. All loans granted are solely for commercial purposes in the borrower's course of business and thus are, in accordance with the relevant parts of the UK Consumer Credit Act 1974, exempt from FCA regulation. No leverage shall be employed for Finance Participation Fund.

Marios Hadjiroussos
Director
Consuleo Capital Limited



LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD**BOARD OF DIRECTORS' REPORT**

The Board of Directors of LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD (the "Fund") presents to the members its Report together with the audited financial statements of the Fund for the year ended 31 December 2022.

INCORPORATION

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD (the "Fund") was established in Cyprus on 3 September 2019 as a public Fund limited by shares under the provisions of the Cyprus Companies Law, cap.113, and authorised by the Cyprus Securities and Exchange Commission to operate as an open-ended Alternative Investment Fund in accordance with Part II of the Alternative Investment Funds Law No.124(1)/2018 in the form of an Investment fund with variable capital, with number AIF50/2018. It is structured as an umbrella fund with segregated liability between Compartments and is externally managed in accordance with section 6(2)(b)(1) of the AIF Law by an Alternative Investment Fund Manager, authorised pursuant to the Alternative Investment Fund Managers Law 56(1)/2013 as amended or substituted from time to time for the benefit of its members.

PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS OF THE FUND

The principal activities of the Fund is to invest via subsidiaries in Loan Participation as permitted by the relevant regulation, law and directives. The geographic focus of the properties securing the loans will be Greater London area, UK and major UK cities.

FINANCIAL RESULTS

The Fund's financial results for the year ended 31 December 2022 are set out on page 10 to the financial statements. The net profit for the year attributable to the holders of redeemable investor shares amounted to £1,154,846 (2021: £234,541).

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE FUND

The current financial position as presented in the financial statements is considered satisfactory.

DIVIDENDS

For the year the Fund declared the payment of a total dividend of £924,448 (2021: £238,430).

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Fund and the steps taken to manage these risks, are described in note 24 to the financial statements.

USE OF FINANCIAL INSTRUMENTS BY THE FUND

The Fund is exposed to dividends from the financial instruments it holds.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD**BOARD OF DIRECTORS' REPORT (continued)****SHARE CAPITAL****Authorised capital**

Under its Memorandum the Fund fixed its share capital at 10,100 shares of no par value, divided into 100 Management shares and 10,000 Unclassified Investor shares of no par value.

On 1st November 2021, the share capital of the Fund was increased from 10,100 shares of no par value to 100,100 shares of no par value by creating an additional 90,000 Unclassified Investor Shares.

Issued capital

On 1 December 2020 the Fund issued 331 investor's shares Class A at the value of £1,000 each and 179 Class E shares at the value of €1,000 each.

From 1 January 2021 until 31 December 2021 the Fund issued an additional 11,239 shares (Class A: 4,304 Class A2: 498 Class C: 695 Class E: 2,748 Class E2: 1,994 Class F: 1,000).

From 1 January 2022 until 31 December 2022 the Fund issued an additional 18,580 shares (Class A: 4,790 Class B: 1,014 Class C: 882 Class E: 7,861 Class E2: 2,028 Class F: 2,005) and redeem 1,199 (Class A: 1,190).

BRANCHES

During the year ended 31 December 2022 the Fund did not operate any branches.

BOARD OF DIRECTORS

The members of the Fund's Board of Directors as at 31 December 2022 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2022.

In accordance with the Fund's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

EVENTS AFTER THE REPORTING PERIOD

Any significant events that occurred after the end of the reporting period are described in note 26 to the financial statements.

RELATED PARTY TRANSACTIONS

Disclosed in note 23 to the financial statements.

BOARD OF DIRECTORS' REPORT (continued)

INDEPENDENT AUDITORS

The independent auditors of the Fund, BDO Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,



Consulco Secretarial Limited
Secretary

Nicosia, 27.10.2023

Independent Auditor's Report To the Members of LC London Credit AIF V.C.I.C. Public Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company LC London Credit AIF V.C.I.C. Public Ltd (the 'Fund'), which are presented in pages 9 to 32 and comprise the statement of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Fund in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors' and AIF Manager Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines 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 Board of Directors is responsible for assessing the Fund'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 Board of Directors either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Fund's financial reporting process.

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

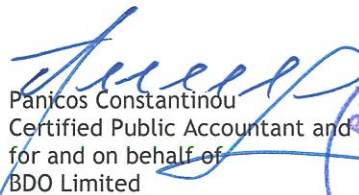
Report on Other Legal Requirements


Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Board of Directors' Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Fund and its environment obtained in the course of the audit, we have not identified material misstatements in the Board of Directors' Report and AIF Manager Report.

Other Matter

This report, including the opinion, has been prepared for and only for the Fund's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.


Panicos Constantinou
Certified Public Accountant and Registered Auditor
for and on behalf of
BDO Limited
Certified Public Accountants (CY) and Registered Auditors
Nicosia, Cyprus,



Date: 27/06/2023

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

STATEMENT OF FINANCIAL POSITIONAs at 31 December 2022

	Note	2022 £	2021 £
Assets			
Non-current assets			
Intangible assets	12	37,135	37,749
Investment in subsidiary	13	24,115,861	5,351,180
Loans receivable	14	-	4,838,818
Total non-current assets		<u>24,152,996</u>	<u>10,227,747</u>
Current assets			
Trade and other receivables	15	134,952	5,360
Loans receivable	14	919,783	-
Cash and cash equivalents	16	<u>2,910,930</u>	<u>1,121,762</u>
Total current assets		<u>3,965,665</u>	<u>1,127,122</u>
Total assets		<u>28,118,661</u>	<u>11,354,869</u>
Equity			
Share capital	17	<u>100</u>	<u>100</u>
Total equity		<u>100</u>	<u>100</u>
Liabilities			
Current liabilities			
Trade and other payables	19	1,598,263	619,370
Tax liability	20	<u>27,697</u>	<u>7,977</u>
Total current liabilities		<u>1,625,960</u>	<u>627,347</u>
Net assets attributable to holders of redeemable shares		<u>26,492,601</u>	<u>10,727,422</u>
REPRESENTED BY:			
Net assets attributable to holders of investors shares	18	<u>26,492,601</u>	<u>10,727,422</u>
		<u>26,492,601</u>	<u>10,727,422</u>

On 27/06/ 2023 the Board of Directors of LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD approved and authorised these financial statements for issue.

.....
Marios Hadjirossos
Director

.....
Dmitry Khenkin
Director

The notes on pages 13 to 32 are an integral part of these financial statements.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOMEFor the year ended 31 December 2022

	Note	2022 £	2021 £
Revenue	7	130,836	83,510
Dividend income		60,000	-
Fair value gains on investment in subsidiary	8	1,367,983	289,299
Administrative and other expenses	9	(480,846)	(191,012)
Operating profit		<u>1,077,973</u>	<u>181,797</u>
Finance income		278,057	98,659
Finance costs		(200,070)	(45,915)
Net finance income	10	<u>77,987</u>	<u>52,744</u>
Increase in net assets attributable to holders of investors shares before tax		1,155,960	234,541
Tax	11	(1,114)	-
Increase in net assets attributable to holders of investors shares for the year		1,154,846	234,541
Other comprehensive income		<u>-</u>	<u>-</u>
Increase in net assets attributable to investor shares		<u>1,154,846</u>	<u>234,541</u>

The notes on pages 13 to 32 are an integral part of these financial statements.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE
SHARESFor the year ended 31 December 2022

	Note	2022 £	2021 £
Balance at 1 January	19	10,727,422	484,329
Increase in net assets attributable to holders of redeemable shares	19	1,154,846	234,541
Contributions and redemptions by holders of investors shares:			
Add: Issue of investors shares during the year	19	16,753,323	10,246,983
Less: Redemption of redeemable shares	19	(1,218,542)	-
Less: Dividend payment	12,19	<u>(924,448)</u>	<u>(238,430)</u>
Balance at 31 December	19	<u>26,492,601</u>	<u>10,727,422</u>

The notes on pages 13 to 32 are an integral part of these financial statements.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

STATEMENT OF CASH FLOWSFor the year ended 31 December 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Increase in net assets attributable to holders of redeemable investor shares		1,154,846	234,541
Adjustments for:			
Unrealised exchange (profit)/loss		(157,337)	11,511
Amortisation of set up	13	4,739	3,810
Fair value gains on investment in subsidiary	14	(1,367,983)	(289,299)
Dividend income		(60,000)	-
Interest income		(296)	(2,665)
Income tax expense		144	-
Cash used in operations before working capital changes		(425,887)	(42,102)
Increase in trade and other receivables		(129,592)	(5,260)
Increase/(decrease) in trade and other payables		308,469	(91,735)
Cash used in operations		(247,010)	(139,097)
Dividends received		60,000	-
Net cash used in operating activities		(187,010)	(139,097)
Cash flows from investing activities			
Payment for acquisition of intangible assets	13	(4,125)	(41,559)
Payment for acquisition of investments in subsidiaries	14	(12,787,662)	(5,061,881)
Loans granted	15	-	(4,747,900)
Interest received		296	2,665
Net cash used in investing activities		(12,791,491)	(9,848,675)
Cash flows from financing activities			
Proceeds from issue of share capital	19	16,753,323	10,246,983
Payments on redemption of redeemable shares	19	(1,218,543)	-
Unrealised exchange profit/(loss)		157,337	(11,511)
Dividends paid	19	(924,448)	(119,877)
Net cash generated from financing activities		14,767,669	10,115,595
Net increase in cash and cash equivalents		1,789,168	127,823
Cash and cash equivalents at beginning of the year		1,121,762	993,939
Cash and cash equivalents at end of the year	17	2,910,930	1,121,762

The notes on pages 13 to 32 are an integral part of these financial statements.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Reporting entity

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD (the "Fund") is domiciled in Cyprus. The Fund was incorporated in Cyprus on 3 September 2019 as a Fund limited by shares under the provisions of the Cyprus Companies Law, cap.113, and authorised by the Cyprus Securities and Exchange Commission to operate as an open-ended Alternative Investment Fund in accordance with Part II of the Alternative Investment Funds Law No.124(1)/2018 in the form of an Investment Fund with variable capital. It is structured as an umbrella fund with segregated liability between Compartments and is externally managed in accordance with section 6(2)(b)(i) of the AIF Law by an Alternative Investment Fund Manager, authorised pursuant to the Alternative Investment Fund Managers Law 56(1)/2013 as amended or substituted from time to time for the benefit of its members. Its registered office is at 73 Metochiou Street, 2407, Egkomi, Nicosia, Cyprus.

The principal activities of the Fund is to invest via subsidiaries in Loan Participation as permitted by the relevant regulation, law and directives. The geographic focus of the properties securing the loans will be Greater London area, UK and major UK cities.

2. Basis of accounting

2.1 Statement of compliance

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

These financial statements are the separate financial statements. The Fund has not prepared consolidated financial statements as the exemption from consolidation in paragraph 31 of IFRS10 'Consolidated Financial Statements', has been used.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention, except in the case of subsidiaries which are measured at their fair value.

3. Functional and presentation currency

The financial statements are presented in United Kingdom Pounds (£) which is the functional currency of the Fund.

4. Adoption of new and revised IFRSs and interpretations by the European Union (EU)

During the current year the Fund adopted all the changes to International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. This adoption did not have a material effect on the accounting policies of the Fund.

At the date of approval of these financial statements, Standards, Revised Standards and Interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a significant effect on the financial statements of the Fund.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2022

5. Critical accounting estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively - that is, in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

Further information about the assumptions made in measuring fair values is included in notes:

- Note 24 - Financial instruments

6. Significant accounting policies

The following accounting policies have been applied consistently for all the years presented in these financial statements.

6.1 Subsidiaries

Subsidiaries are entities controlled by the Fund. Control exists where the Fund is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are classified as investments at fair value through profit or loss and are measured at fair value. Gains or losses on investments in subsidiaries are recognised in profit or loss. Dividends from subsidiaries are recognised in profit or loss when the Fund's right to receive payment is established.

6.2 Revenue

Revenue represents the amount of consideration to which the Fund expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Fund includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Fund's experience with similar contracts and forecasted sales to the customer.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2022

6. Significant accounting policies (continued)**6.2 Revenue (continued)**

The Fund recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Fund can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Fund's future cash flows is expected to change as a result of the contract), it is probable that the Fund will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Fund's contracts with customers.

The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Fund considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

6.3 Dividend income and dividend expense

Dividend income is recognised in the statement of comprehensive income when the right to receive income is established. For quoted equity securities this is usually the ex-dividend date. For unquoted equity securities this is usually the date when the owners have approved the payment of a dividend. Dividend income from equity securities designated at fair value through profit or loss is recognised in the statement of profit or loss and other comprehensive income as dividend income.

6.4 Finance income

Interest income is recognised on a time-proportion basis using the effective method.

6.5 Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

6.6 Foreign currency translation**(i) Functional currency**

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in British Pounds (GB£), which is the Fund's functional and presentation currency.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. Significant accounting policies (continued)

6.6 Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

6.7 Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

6.8 Dividends

Dividends distributions to the Fund's shareholders are recognised in the Fund's financial statements in the year in which they are approved.

6.9 Intangible assets

(i) Set-up cost

Set-up cost represents the excess of the cost of an acquisition over the fair value of the Fund's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Set-up cost on acquisition of subsidiaries is included in "intangible assets". Set-up cost on acquisitions of associates is included in 'investments in associates'.

Set-up cost is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted accordingly.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

6.10 Financial instruments

6.10.1 Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. Significant accounting policies (continued)

6.10 Financial instruments (continued)

6.10.2 Classification and subsequent measurement

6.10.2.1 Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive income (FVOCI) debt investment; Fair Value through Other Comprehensive income (FVOCI) equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – expected credit losses

The Fund assesses on a forward looking basis the ECL for financial assets measured at amortised cost. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the fund's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. Significant accounting policies (continued)

6.10 Financial instruments (continued)

6.10.2.2 Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The financial liabilities of the Fund are measured as follows:

(i) Trade and other payables

Trade payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

6.11 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when, and only when, the Fund has a currently enforceable legal right to offset the recognised amounts and it intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

6.12 Impairment of non-financial assets

Assets (other than biological assets, investment property, inventories and deferred tax assets) that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. Goodwill arising from a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2022**6. Significant accounting policies (continued)****6.12 Impairment of non-financial assets (continued)**

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

6.13 Share capital

Management shares are classified as equity.

The investor shares are redeemable are classified as financial liabilities as they are redeemable at the holder's option.

6.14 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Fund expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

6.15 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

7. Revenue

	2022 £	2021 £
Entry fee Class A (Note 23 (iii))	47,861	43,371
Entry fee Class E (Note 23 (iii))	67,562	23,997
Entry fee Class C (Note 23 (iii))	6,983	5,080
Entry fee Class E2 (Note 23 (iii))	8,430	8,559
Entry fee Class A2 (Note 23 (iii))	-	2,503
	<u>130,836</u>	<u>83,510</u>

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2022**8. Other operating income**

	2022 £	2021 £
Fair value gains on investment in subsidiary (Note 14)	1,367,983	289,299
	<u>1,367,983</u>	<u>289,299</u>

9. Administrative and other expenses

	2022 £	2021 £
Depository expenses	14,818	6,637
Administration expenses	15,349	15,492
Management fees (Note 23 (iii))	275,817	65,322
AIMF fees (Note 23 (iii))	151,139	83,509
Independent auditors' remuneration - current year	8,118	8,809
Independent auditors' remuneration - prior years	-	33
Legal fees	5,074	2,957
Other professional fees	1,994	2,001
Liquidity fees by the bank	1,063	-
Registrar of companies	211	293
Licence fee	65	65
Sundry expenses	924	554
CYSEC annual fees	1,535	1,530
Amortisation of set up (Note 13)	4,739	3,810
	<u>480,846</u>	<u>191,012</u>

10. Net finance income and costs

	2022 £	2021 £
Interest income	125,959	93,583
Exchange profit	152,098	5,076
Finance income - total	<u>278,057</u>	<u>98,659</u>
Exchange losses	14,744	(16,618)
Finance expenses	<u>(214,814)</u>	<u>(29,297)</u>
Finance costs - total	<u>(200,070)</u>	<u>(45,915)</u>
Net finance income	<u>77,987</u>	<u>52,744</u>

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2022**11. Taxation**

	2022 £	2021 £
Corporation tax	1,114	-
Charge for the year	<u>1,114</u>	<u>-</u>
<i><u>Reconciliation of tax based on the taxable income and tax based on accounting profits:</u></i>		
	2022 £	2021 £
Accounting profit/(loss) before tax	<u>1,155,960</u>	<u>234,541</u>
Tax calculated at the applicable tax rates	144,495	29,318
Tax effect of expenses not deductible for tax purposes	61,903	10,153
Tax effect of allowances and income not subject to tax	(204,989)	(38,936)
Tax effect of tax losses brought forward	<u>(295)</u>	<u>(535)</u>
Taxation for the year	<u>1,114</u>	<u>-</u>

The corporation tax rate is 12,5%.

12. Dividends

	2022 £	2021 £
Declared final dividend (Note 19)	<u>924,448</u>	<u>238,429</u>
	<u>924,448</u>	<u>238,429</u>

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2022**13. Intangible assets**

	Set-up cost £
Cost	
Additions	41,559
Balance at 31 December 2021	<u>41,559</u>
Balance at 1 January 2022	41,559
Additions	4,125
Balance at 31 December 2022	<u>45,684</u>
Amortisation	
Amortisation for the year (Note 9)	3,810
Balance at 31 December 2021	<u>3,810</u>
Balance at 1 January 2022	3,810
Amortisation for the year (Note 9)	4,739
Balance at 31 December 2022	<u>8,549</u>
Carrying amounts	
Balance at 31 December 2022	<u>37,135</u>
Balance at 31 December 2021	<u>37,749</u>

14. Investment in subsidiary

	2022 £	2021 £
Balance at 1 January	5,351,180	-
Additions	17,396,698	5,061,881
Revaluation (Note 8)	<u>1,367,983</u>	<u>289,299</u>
Balance at 31 December	<u>24,115,861</u>	<u>5,351,180</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Holding %</u>	2022 £	2021 £
LC London Credit I Limited	Cyprus	100	<u>24,115,861</u>	<u>5,351,180</u>
			<u>24,115,861</u>	<u>5,351,180</u>

The investment in subsidiary is adjusted on a monthly basis to reflect the net assets position of the subsidiary. The net asset position of the subsidiary is consider to fairly represent the fair value of the subsidiary.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2022**15. Loans receivable**

	2022 £	2021 £
Loans receivable (Note 23 (i))	<u>919,783</u>	<u>4,838,818</u>
	<u>919,783</u>	<u>4,838,818</u>
Non-current portion	-	4,838,818
Current portion	<u>919,783</u>	<u>-</u>
	<u>919,783</u>	<u>4,838,818</u>

The whole amount relates to loans granted to the subsidiary company LC London Credit I Ltd (Note 23 (i)).

The exposure of the Fund to credit risk is reported in note 24 to the financial statements.

16. Trade and other receivables

	2022 £	2021 £
Receivables from related companies (Note 23 (ii))	132,753	3,277
Deferred expenses	<u>2,199</u>	<u>2,083</u>
	<u>134,952</u>	<u>5,360</u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Fund to credit risk and impairment losses in relation to trade and other receivables is reported in note 24 to the financial statements.

17. Cash and cash equivalents

	2022 £	2021 £
Cash with brokers	991,757	236,544
Cash at bank	<u>1,919,173</u>	<u>885,218</u>
	<u>2,910,930</u>	<u>1,121,762</u>

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2022**17. Cash and cash equivalents (continued)**

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	2022 £	2021 £
Cash at bank	<u>2,910,930</u>	<u>1,121,762</u>
	<u>2,910,930</u>	<u>1,121,762</u>

The exposure of the Fund to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 24 to the financial statements.

18. Share capital

	2022 Number of shares	2022 £	2021 Number of shares	2021 £
Authorised				
Management shares	<u>100</u>		<u>100</u>	
	<u>100</u>		<u>100</u>	
Issued and fully paid				
Balance at 1 January	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Balance at 31 December	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Management shares are not redeemable, have no par value and were offered at £1 each. Management shares are not available for investors. Investors shares have no par value, do not hold voting rights and are entitled to receive all distributions declared by the Fund. Investor shares are redeemable at the option of the holder subject to the terms of the Prospectus of the Fund.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

19. Net assets attributable to holders of investors shares

19.1 Investors shares

	2022		2021	
	Number of		Number of	
	shares		shares	
Authorised				
Unclassified Investor shares	100,000		100,000	
	<u>100,000</u>		<u>100,000</u>	
	2022	£	2021	£
Issued and fully paid				
Redeemable shares				
Balance at 1 January	11,749	10,727,422	510	484,328
Increase/(decrease) in net assets attributable to holders of investors shares	-	1,154,846	-	234,541
Issue of Shares Class A of £1,000 each	4,790	4,850,643	4,304	4,328,063
Issue of Shares Class E of €1,000 each	7,861	6,766,464	2,748	2,351,312
Issue of Shares Class C of \$1,000 each	882	700,608	695	502,885
Issue of Shares Class E2 of €1,000 each	2,028	1,717,835	1,994	1,711,043
Issue of Shares Class A2 of £1,000 each	-	-	498	498,000
Issue of Shares Class F of £1,000 each	2,005	1,703,703	1,000	855,680
Issue of Shares Class B of £1,000 each	1,014	1,014,070	-	-
Dividends declared (Note 12)	-	(924,448)	-	(238,429)
Redemption of redeemable shares	(1,199)	(1,218,542)	-	-
Balance at 31 December	<u>29,130</u>	<u>26,492,601</u>	<u>11,749</u>	<u>10,727,422</u>

Issued capital

On 1 December 2020 the Fund issued 331 Class A investors' shares at the value of £1,000 each and 179 Class E shares at the value of €1,000 each.

From 1 January 2021 until 31 December 2021 the Fund issued 11,239 total shares (Class A: 4,304 (nominal value £1,000-£1,006.45), Class A2: 498 (nominal value £1,000), Class C: 695 (nominal value \$1,000-\$1,002.67), Class E: 2,748 (nominal value €1,000-€1,005.70), Class E2: 1,994 (nominal value €1,000-€1,003.04), Class F: 1,000 (nominal value €1,000)).

From 1 January 2022 until 31 December 2022 the Fund issued 18,580 total shares (Class A: 4,790 (nominal value £1,006.45-£1,019.95), Class B: 1,014 (nominal value £1,000-£1,005), Class C: 882 (nominal value \$1,002.67-\$1,017.19), Class E: 7,861 (nominal value €1,005.70-€1,017.33), Class E2: 2,028 (nominal value €1,006.67-€1,008.52), Class F: 2,005 (nominal value €1,003.93-€1,007.63)).

From 1 January 2022 until 31 December 2022 the Fund redeemed 1,199 total shares (Class A: 1,199).

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2022**20. Trade and other payables**

	2022 £	2021 £
Payables to investors - Class E2	38,471	15,036
Payables to investors - Class E	534,119	385,796
Payables to related companies (Note 23 (v))	8,192	361
Payables to investors - Class F	28,061	9,361
Payables to investors - Class A2	7,599	6,778
Payables to investors - Class C	16,634	6,631
Payables to investors - Class B	15,663	-
Accruals	112,947	33,512
Other creditors	40,113	44,899
Payables to own subsidiaries (Note 23 (iv))	690,000	-
Payables to investors - Class A	<u>106,464</u>	<u>116,997</u>
	<u>1,598,263</u>	<u>619,371</u>

An amount £440,290 related to prepayment of shares which was settled by the issuance of shares 2nd January 2023.

The fair values of trade and other payables due within one year are approximate to their carrying amounts as presented above.

The exposure of the Fund to liquidity risk in relation to financial instruments is reported in note 24 to the financial statements.

21. Tax liability

	2022 £	2021 £
Corporation tax	507	-
Defence on dividends	23,267	6,730
GESY on dividends	<u>3,923</u>	<u>1,247</u>
	<u>27,697</u>	<u>7,977</u>

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Fund recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22. Operating environment of the Fund

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

23. Related party transactions

The transactions and balances with related parties are as follows:

(i) Loan receivable (Note 15)

	2022	2021
	£	£
Loan receivable (24.05.2021)	-	526,748
Loan receivable (07.06.2021)	-	1,392,489
Loan receivable (09.06.2021)	-	757,222
Loan receivable (19.07.2021)	-	386,710
Loan receivable (20.07.2021)	-	183,617
Loan receivable (13.09.2021)	919,783	880,678
Loan receivable (14.10.2021)	-	111,058
Loan receivable (30.11.2021)	-	600,296
	<u>919,783</u>	<u>4,838,818</u>

Loan receivable between LC London Credit AIF V.C.I.C. Public Ltd and LC London Credit I Ltd dated 24th May 2021 with principal amount £512,900 and interest rate 4.5% per annum with repayment date 24th May 2023. Loan partially settled via issue of share capital on the 1st of July 2022.

Loan receivable between LC London Credit AIF V.C.I.C. Public Ltd and LC London Credit I Ltd dated 7th June 2021 with principal amount £1,358,000 and interest rate 4.5% per annum with repayment date 7th June 2023. Loan partially settled via issue of share capital on the 1st of July 2022.

Loan receivable between LC London Credit AIF V.C.I.C. Public Ltd and LC London Credit I Ltd dated 9th June 2021 with principal amount £739,000 and interest rate 4.5% per annum with repayment date 13th June 2023. Loan partially settled via issue of share capital on the 1st of July 2022.

Loan receivable between LC London Credit AIF V.C.I.C. Public Ltd and LC London Credit I Ltd dated 19th July 2021 with principal amount £379,000 and interest rate 4.5% per annum with repayment date 19th July 2023. Loan partially settled via issue of share capital on the 1st of July 2022.

Loan receivable between LC London Credit AIF V.C.I.C. Public Ltd and LC London Credit I Ltd dated 20th July 2021 with principal amount £180,000 and interest rate 4.5% per annum with repayment date 20th July 2023. Loan partially settled via issue of share capital on the 1st of July 2022.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

23. Related party transactions (continued)

Loan receivable between LC London Credit AIF V.C.I.C. Public Ltd and LC London Credit I Ltd dated 13th September 2021 with principal amount £869,000 and interest rate 4.5% per annum with repayment date 13th September 2023.

Loan receivable between LC London Credit AIF V.C.I.C. Public Ltd and LC London Credit I Ltd dated 14th October 2021 with principal amount £110,000 and interest rate 4.5% per annum with repayment date 14th October 2023. Loan partially settled via issue of share capital on the 1st of July 2022.

Loan receivable between LC London Credit AIF V.C.I.C. Public Ltd and LC London Credit I Ltd dated 30th November 2021 with principal amount £600,000 and interest rate 4.5% per annum with repayment date 26th December 2023. Loan partially settled via issue of share capital on the 1st of July 2022.

(ii) Receivables from related companies (Note 16)

	2022	2021
	£	£
<u>Name</u>		
LC London Credit I Ltd	<u>132,753</u>	<u>3,277</u>
	<u>132,753</u>	<u>3,277</u>

The receivable from the subsidiary company is interest free, has no specific repayment date and is not secured.

(iii) Fund fee analysis (Note 7) & (Note 9)

	2022	2021
	£	£
<u>Name</u>		
Entry fee	130,836	59,512
Management fee	275,817	65,322
Performance fee	<u>20,303</u>	<u>23,997</u>
	<u>426,956</u>	<u>148,831</u>

(iv) Payable to own subsidiaries (Note 20)

	2022	2021
	£	£
LC London Credit I Limited	<u>690,000</u>	<u>-</u>
	<u>690,000</u>	<u>-</u>

(v) Payable to related companies (Note 20)

	2022	2021
	£	£
Consulco Limited	<u>8,192</u>	<u>361</u>
	<u>8,192</u>	<u>361</u>

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2022**24. Financial instruments - fair values and risk management****Financial risk factors**

The Fund is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has the overall responsibility for the establishment and oversight of the Fund's risk management framework.

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

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive Income (FVOCI) and at fair value through profit or loss, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables. Further, credit risk arises from financial guarantees and credit related commitments.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022	2021
	£	£
Loans receivable (Note 15)	919,783	4,838,818
Cash at bank (Note 17)	1,919,173	885,218
Cash with brokers (Note 17)	991,757	236,544
Receivables from related companies (Note 23 (ii))	<u>132,753</u>	<u>3,277</u>
	<u>3,963,466</u>	<u>5,963,857</u>

No material expected credit losses arises for the year end 31/12/2022.

Cash at bank

	2022	2021
	£	£
B3 [1]	<u>1,919,173</u>	<u>885,218</u>
	<u>1,919,173</u>	<u>885,218</u>

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2022**24. Financial instruments - fair values and risk management (continued)***(i) Credit risk (continued)*

[1] as per Moody's rating as at 31 December 2022/31 December 2021

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Fund has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

31 December 2022	Carrying amounts £	Contractual cash flows £	Between 12 months £
Trade and other payables	153,060	153,060	153,060
Payable to related parties	8,192	8,192	8,192
Prepayments of shares Class C	16,634	16,634	16,634
Prepayments of shares Class E	534,119	534,119	534,119
Prepayments of shares Class A	106,464	106,464	106,464
Prepayments of shares Class E2	38,471	38,471	38,471
Prepayments of shares Class F	28,061	28,061	28,061
Prepayments of shares Class A2	7,599	7,599	7,599
Prepayments of shares Class B	15,663	15,663	15,663
Payable to own subsidiaries	690,000	690,000	690,000
	<u>1,598,263</u>	<u>1,598,263</u>	<u>1,598,263</u>
31 December 2021	Carrying amounts £	Contractual cash flows £	Between 12 months £
Trade and other payables	78,410	78,410	78,410
Payable to related parties	361	361	361
Prepayments of shares Class C	6,631	6,631	6,631
Prepayments of shares Class E	385,796	385,796	385,796
Prepayments of shares Class A	116,997	116,997	116,997
Prepayments of shares Class E2	15,036	15,036	15,036
Prepayments of shares Class F	9,361	9,361	9,361
Prepayments of shares Class A2	6,778	6,778	6,778
	<u>619,370</u>	<u>619,370</u>	<u>619,370</u>

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2022**24. Financial instruments - fair values and risk management (continued)***(iii) Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Fund to cash flow interest rate risk. Borrowings issued at fixed rates expose the Fund to fair value interest rate risk. Fund's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest- bearing financial instruments was:

	2022	2021
	£	£
<i>Fixed rate instruments</i>		
Financial assets	<u>919,783</u>	<u>4,838,818</u>
	<u>919,783</u>	<u>4,838,818</u>

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Fund's functional currency. The Fund is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Fund's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Capital management

The Fund manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners. The Fund's overall strategy remains unchanged from last year.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

25. Fair values

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31/12/2022	Level 1 £	Level 2 £	Level 3 £	Total £
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Financial assets

Investment in subsidiary	-	-	24,115,861	24,115,861
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Total	-	-	24,115,861	24,115,861
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31/12/2021	Level 1 £	Level 2 £	Level 3 £	Total £
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Financial assets

Investment in subsidiary	-	-	5,351,180	5,351,180
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Total	-	-	5,351,180	5,351,180
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The financial asset is estimated based on the Fair Value of the Net Asset of the subsidiary.

26. Events after the reporting period

No significant events after the end of the reporting period.

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD**ADDITIONAL INFORMATION**

For the year ended 31 December 2022

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD**ADDITIONAL INFORMATION****For the year ended 31 December 2022****Schedule****Computation of corporate tax****1**

LC LONDON CREDIT AIF V.C.I.C. PUBLIC LTD

COMPUTATION OF CORPORATE TAX

For the year ended 31 December 2022

	£	£
Net profit before tax per income statement		1,155,960
<u>Add:</u>		
Amortisation of set up	4,739	
Restriction of administration and finance expenses	490,275	
Annual levy	<u>211</u>	
		<u>495,225</u>
		1,651,185
<u>Less:</u>		
Fair value adjustment on investment in subsidiary	1,367,983	
Dividends received	60,000	
Unrealised foreign exchange profit	166,842	
Notional interest	<u>45,088</u>	
		<u>(1,639,913)</u>
Chargeable income for the year		<u>11,272</u>
		€
Converted into € at £ 0.886930 = €1		12,709
Loss brought forward		<u>(2,657)</u>
Chargeable income		<u>10,052</u>

Calculation of corporation tax

	Income €	Rate %	Total € c
Tax at normal rates:			
Chargeable income as above	<u>10,052</u>	12.50	1,256.50
Tax paid provisionally	<u>26,691</u>		<u>(1,434.50)</u>
TAX REFUNDABLE			<u>(178.00)</u>