

Company Registration No. 10510999 (England and Wales)

RENTGUARANTOR HOLDINGS PLC
(previously EZYLET PLC)

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Jeffreys Henry LLP
Finsgate
5-7 Cranwood Street
London
EC1V 9EE

RENTGUARANTOR HOLDINGS PLC

COMPANY INFORMATION

Directors	Graham Duncan Paul Foy
Secretary	International Registrars Limited
Company number	10510999
Registered office	Finsgate 5-7 Cranwood Street London EC1V 9EE
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Bankers	NatWest International PO Box 11 16 Library Place St Helier JE4 8NH

RENTGUARANTOR HOLDINGS PLC

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RENTGUARANTOR HOLDINGS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the Group is the provision of an online platform offering long term property rental services in the United Kingdom.

Results and dividends

The results for the year are set out on page 7.

Future developments

The Group continues to develop its range of products and services in order to support the future growth of the company. RentGuarantor goes from strength to strength with income continuing to rise month on month during 2020. We extended our beta period until 31st December 2020 due to Covid-19 and an uncertain & disrupted rental market. However, we continue to innovate with additional advances in our tech department with the additional of real time reporting and open banking on 1st Jan 2021. We believe that extending the RentGuarantor solution to local authorities during the year will return great benefits in 2021.

The company still pursues its intention to develop other products to further enhance the RentGuarantor proposition. During 2021, the Company will continue to monitor the economic climate in relation to listing on the Aquis market during the year.

Directors

The following directors have held office during the year, or post year end:

Graham Duncan
Paul Foy
Kieron Becerra (appointed 10 June 2021)
Emma Foy (appointed 23 February 2021)

Directors' interests in shares

At the date of this report the directors held the following beneficial interest in the ordinary share capital of the Group:

	2020	2019
Graham Duncan	25,000	25,000
Paul Foy (including shares held through Southpaw Limited, Ruvso Holdings Limited and Digital Real Estate Services Limited)	4,479,763	4,223,335
Kieron Becerra	150,000	
Emma Foy	1,000	

Financial risk and management of capital

The major balances and financial risks to which the Group is exposed to and the controls in place to minimise those risks are disclosed in Note 4.

A description of how the Group manages its capital is also disclosed in Note 4.

Financial instruments

The Group has not entered into any financial instruments to hedge against interest rate or exchange rate risk.

Auditors

Jeffreys Henry LLP were appointed as auditors 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.

RENTGUARANTOR HOLDINGS PLC

Companies Act S.172

The Directors acknowledge their duty under s.172 of the Companies Act 2006 and consider that they have, both individually and together, acted in the way that, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they have had regard (amongst other matters) to:

the likely consequences of any decision in the long term. The Group's long-term strategic objectives, including progress made during the year are highlighted above in the Director's report.
the interests of the Company's employees. Our employees are fundamental to us achieving our long-term strategic objectives.
the impact of the Company's operations on the community and the environment. The Group operates honestly and transparently. We consider the impact on the environment on our day-to-day operations and how we can minimise this.
the desirability of the Company maintaining a reputation for high standards of business conduct. Our intention is to behave in a responsible manner, operating within the high standard of business conduct and good corporate governance.
the need to act fairly as between members of the Company. Our intention is to behave responsibly towards our shareholders and treat them fairly and equally so that they may benefit from the successful delivery of our strategic objectives.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the Group and parent: Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. 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 Group and Company and of the profit or loss of the Group for that year. 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 they have been prepared in accordance with IFRS as adopted by the European Union

- 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 Group. They are also responsible for safeguarding the assets of the Company and the Group hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditors

Each person who is a director at the date of approval of this Annual Report confirms that:

- So far as the directors are aware, there is no relevant audit information of which the Group's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

On behalf of the board

Mr Paul Foy

RENTGUARANTOR HOLDINGS PLC

Director
29 November 2021

RENTGUARANTOR HOLDINGS PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RENTGUARANTOR HOLDINGS PLC

Opinion

We have audited the financial statements of RentGuarantor Plc (the 'Company') and its subsidiaries ('the Group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Statements of Financial Position, the Consolidated and Parent Statement of Changes in Equity, the Consolidated and Parent Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's results for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Group 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.

Material uncertainty related to going concern

We draw attention to note 2.1 in the financial statements, which explains that the Group is dependent upon future fundraising and support from its shareholders in the short term. In the medium to long term, the Group hopes to list on the Aquis market, which should result in a large cash fund raise. The Covid-19 pandemic has increased the uncertainty of the assumptions that the Directors use to forecast future liquidity. It remains difficult to assess reliably whether there will be any material disruption in the future which could adversely impact the Group's forecast.

These events or conditions, along with the other matters as set forth above, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included a detailed review of future forecasts and assessing the assumptions utilised by management in preparing the forecast along with a review of the cash held at year end up to the date of signing of this report. These assumptions were further assessed along with those used in the prior year to determine reasonability.

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

RENTGUARANTOR HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RENTGUARANTOR HOLDINGS PLC (CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the year for which the financial statements are prepared are consistent with the financial statements; 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the Group or Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group and Parent Company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

RENTGUARANTOR HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RENTGUARANTOR HOLDINGS PLC (CONTINUED)

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.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

- we identified the laws and regulations applicable to the company through discussions with directors and other management;

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including taxation legislation, data protection, anti-bribery, employment, environmental, health and safety legislation and anti-money laundering regulations;

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence;

- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit; and

- we assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;

- tested journal entries to identify unusual transactions;

- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 of the financial statements were indicative of potential bias;

- investigated the rationale behind significant or unusual transactions;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC and the group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed those laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

RENTGUARANTOR HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RENTGUARANTOR HOLDINGS PLC (CONTINUED)

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of this 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.

Sanjay Parmar (Senior statutory auditor)

For and on behalf of Jeffreys Henry LLP Chartered Accountants, Statutory Auditor

Finsgate
5-7 Cranwood Street
London
EC1V 9EE

29 November 2021

RENTGUARANTOR HOLDINGS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

		Year ended 31 December 2020 £	Year ended 31 December 2019 £
Continuing operations	Notes		
Revenue		121,411	56,127
Direct costs		(30,469)	(7,791)
Gross profit		<u>90,942</u>	<u>48,336</u>
Administrative expenses		(509,733)	(430,572)
Operating loss	6	<u>(418,791)</u>	<u>(382,236)</u>
Finance costs	8	(50,179)	(28,283)
Loss on ordinary activities before taxation		<u>(468,970)</u>	<u>(410,519)</u>
Income tax expense	9	-	-
Loss for the year		<u>(468,970)</u>	<u>(410,519)</u>
Loss per share (expressed in pence per share)	11	<u>(4.90)</u>	<u>(4.36)</u>

The notes on pages 14 to 30 form part of these financial statements.

RENTGUARANTOR HOLDINGS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		2020	2019
	Notes	£	£
Assets			
Non-current assets			
Intangible assets	14	347,683	392,128
Right of use assets	15	57,232	-
Tangible assets	15	3,745	32,310
		<u>408,660</u>	<u>424,438</u>
Current assets			
Trade and other receivables	16	20,122	13,772
Cash and cash equivalents	17	9,914	18,451
		<u>30,036</u>	<u>32,223</u>
Total assets		<u>438,696</u>	<u>456,661</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares	18	9,607,351	9,419,017
Share premium	19	65,125	38,459
Reorganisation reserve		(8,053,501)	(8,053,501)
Accumulated losses	20	(2,278,159)	(1,809,189)
Total equity		<u>(659,184)</u>	<u>(405,214)</u>
Liabilities			
Non-current liabilities			
Loans	21	169,305	223,078
Lease liability	21	33,003	-
		<u>202,308</u>	<u>223,078</u>
Current liabilities			
Trade and other payables	21	870,572	638,797
Lease liability	21	25,000	-
		<u>895,572</u>	<u>638,797</u>
Total liabilities		<u>1,097,880</u>	<u>861,875</u>
Total equity and liabilities		<u>438,696</u>	<u>456,661</u>

The notes on pages 14 to 30 form part of these financial statements.

Approved by the Board and authorised for issue on 29 November 2021

Mr Paul Foy

RENTGUARANTOR HOLDINGS PLC

Director

Company Registration No. 10510999

RENTGUARANTOR HOLDINGS PLC

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020	2019 £
Assets			
Non-current assets			
Investment in subsidiary	13	8,500,501	8,500,501
Trade and other receivables	16	1,739,398	1,355,361
		<u>10,239,899</u>	<u>9,855,862</u>
Current assets			
Trade and other receivables	16	-	-
Cash and cash equivalents	17	23	11,622
		<u>23</u>	<u>11,622</u>
Total assets		<u>10,239,922</u>	<u>9,867,484</u>
Equity and liabilities			
Equity			
Ordinary shares	18	9,607,351	9,419,017
Share premium	19	65,125	38,459
Accumulated losses	20	(128,317)	(65,747)
Total equity		9,544,159	9,391,729
Liabilities			
Non current liabilities			
Loans	21	169,305	223,078
Current liabilities			
Trade and other payables	21	526,458	252,677
Total liabilities		<u>695,763</u>	<u>475,755</u>
Total equity and liabilities		<u>10,239,922</u>	<u>9,867,484</u>

As permitted by Section 408 of the Companies Act 2006 the profit and loss account of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £62,570 (2019: Profit of £19,723).

The notes on pages 14 to 30 form part of these financial statements.

Approved by the Board and authorised for issue on 26 November 2021.

Mr Paul Foy
Director

Company Registration No. 10510999

RENTGUARANTOR HOLDINGS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

		Year ended 31 December 2020	Year ended 31 December 2019
		£	£
Cash outflows from operating activities	Notes		
Cash consumed in operations	22	(318,650)	(115,212)
Finance costs paid		(46,998)	(28,283)
Net cash outflows from operating activities		<u>(365,648)</u>	<u>(143,495)</u>
Cash flows from investing activities			
Expenditure on non-current assets		(2,644)	(32,484)
Expenditure on intangible assets		(54,793)	(52,019)
Net cash outflows from investing activities		<u>(57,437)</u>	<u>(84,503)</u>
Cash flows from financing activities			
Proceeds from convertible loans		222,848	238,000
Principal lease payments – IFRS 16		(23,300)	-
Proceeds from issue of shares		215,000	6,500
Net cash inflows from financing activities		<u>414,548</u>	<u>244,500</u>
Net increase/(decrease) in cash and cash equivalents		<u>(8,537)</u>	<u>16,502</u>
Cash and cash equivalents at the beginning of the year		<u>18,451</u>	<u>1,949</u>
Cash and cash equivalents at the end of the year		<u>9,914</u>	<u>18,451</u>

The notes on pages 14 to 30 form part of these financial statements.

RENTGUARANTOR HOLDINGS PLC

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

		Year ended 31 December 2020	Year ended 31 December 2019
			£
Cash outflows from operating activities	Notes		
Cash consumed in operations	22	(402,449)	(208,176)
Finance costs paid		(46,998)	(28,283)
Net cash outflows from operating activities		(449,447)	(236,459)
Cash flows from investing activities			
Purchase of shares in subsidiary		-	-
Cash flows from financing activities			
Proceeds from convertible loans		222,848	238,000
Proceeds from issue of shares		215,000	10,000
Net cash generated from financing activities		437,848	248,000
Net increase in cash and cash equivalents		(11,599)	(11,541)
Cash and cash equivalents at the beginning of the year		11,622	81
Cash and cash equivalents at the end of the year		23	11,622

The notes on pages 14 to 30 form part of these financial statements

RENTGUARANTOR HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital £	Share Premium £	Reorganisation Reserve £	Accumulated Losses £	Total £
As at 31 December 2018	9,409,017	38,459	(8,050,001)	(1,398,670)	(1,195)
Share capital issued	10,000	-	-	-	10,000
Increase in reorganization reserve	-	-	(3,500)	-	(3,500)
Loss for the year	-	-	-	(410,519)	(410,519)
As at 31 December 2019	9,419,017	38,459	(8,053,501)	(1,809,189)	(405,214)
Share capital issued	188,334	26,666	-	-	215,000
Loss for the year	-	-	-	(468,970)	(468,970)
As at 31 December 2020	9,607,351	65,125	(8,053,501)	(2,278,159)	(659,184)

Share capital is the amount subscribed for shares at nominal value.

Accumulated losses represent the cumulative loss of the Group attributable to equity shareholders.

The reorganisation reserve arises as a result of the reorganisation accounting adopted as per accounting policy 2.2

The notes on pages 14 to 30 form part of these financial statements.

RENTGUARANTOR HOLDINGS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital £	Share Premium £	Accumulated losses £	Total £
As at 31 December 2018	9,409,017	38,459	(85,470)	9,362,006
Ordinary shares issued	10,000	-	-	10,000
Loss for the year	-	-	19,723	19,723
As at 31 December 2019	9,419,017	38,459	(65,747)	9,391,729
Ordinary shares issued	188,334	26,666	-	215,000
Loss for the year	-	-	(62,570)	(62,570)
As at 31 December 2020	9,607,351	65,125	(128,317)	9,544,159

Share capital is the amount subscribed for shares at nominal value.

Retained losses represent the cumulative loss of the Company attributable to equity shareholders.

The notes on pages 14 to 30 form part of these financial statements.

RENTGUARANTOR HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 General information

RentGuarantor Holdings Plc (previously Ezylet Plc) ("the Company") and its subsidiaries (together, the "Group") has been set up to invest in developing an online platform offering long term property rental services in the United Kingdom. The company was incorporated in England and is limited by shares. The Group is based in the United Kingdom and the address of the registered office is disclosed on the Company information page at the front of the annual report.

The Company was incorporated on 5 December 2016.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. IFRS comprises of standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU).

Preparation of financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Going concern

In the year to 31 December 2020, RentGuarantor Holdings Plc ('RGH Plc') which has the consolidated results of Ezylet Ltd Gibraltar (EZL) and RentGuarantor Limited (RG) made a loss before tax of £468,970 on continuing operations (2019: loss £410,519). RGH Plc and its Directors recognise the losses and the funding provided by its shareholder for the purposes of satisfying its working capital needs, but the Directors are very happy with the progress made during the year. The Directors of the Group believe that the potential and forecasted income and cash generation it will deliver to the business far outweighs the risks of the business not being a going concern. The Group continues to rely on future fundraising and support from shareholders.

Over the last year the Directors have also been engaged in negotiations for private and corporate investor fund raising in the short term, with a view to a listing on the Aquis Market, a sub-market of the London Stock Exchange in 2021, which has been delayed due to the political and financial uncertainty affecting the UK capital markets.

The Directors have reviewed the Company and Group's overall position and outlook and are of the opinion that the Company and Group is sufficiently well funded to be able to operate as a going concern for at least the next twelve months from the date of these financial statements. The Directors have prepared forecasts covering a period of 12 months that show that the Group is a going concern.

The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

RENTGUARANTOR HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2.1 Basis of preparation

The financial statements prepared by RGH Plc are in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning that would be expected to have a material impact on the Group. The new IFRSs adopted during the year are as follows:

IFRS 3	Business Combinations
IAS 1	Presentation of Financial Statements
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 January 2020 and have not been early adopted. The Directors anticipate that the adoption of these standard and the interpretations in future periods will have no material impact on the financial statements of the Group.

The new standards effective for annual periods beginning on or after 1 January 2021, include:

IFRS 17	Insurance Contracts
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RENTGUARANTOR HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1.2 Consolidation

(a) Subsidiaries

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interest in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

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When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2.2 Consolidation (continued)

(d) Group reorganisation accounting

The Company acquired its 100% interest in Ezylet Ltd on 5 December 2016 by way of a share for share exchange. This is a business combination involving entities under common control and the consolidated financial statements are issued in the name of the Group but they are a continuance of those of Ezylet Ltd. Therefore, the assets and liabilities of Ezylet Ltd have been recognised and measured in these consolidated financial statements at their pre-combination carrying values. The accumulated losses and other equity balances recognised in these consolidated financial statements are the accumulated losses and other equity balances of the Company and Ezylet Ltd. The equity structure appearing in these consolidated financial statements (the number and the type of equity instruments issued) reflect the equity structure of the Company including equity instruments issued by the Company to affect the consolidation. The difference between consideration given and net assets of Ezylet Ltd at the date of acquisition is included in a Group reorganisation reserve.

1.3 Segmental reporting

Operating segments are reported based on financial information provided to the Board, which is used to make strategic decisions. The directors believe that the only operating segment is that reportable for the investment in property rental services in the UK and the revenue generated is all undertaken in the UK. Accordingly, no separate segmental reporting has been produced

1.4 Financial assets and liabilities

The Group classifies its financial assets at fair value through profit and loss or as loans and receivables and classifies its financial liabilities as other financial liabilities. Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measured initially at fair value. At inception transaction cost that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss, is added to the fair value of the financial asset and deducted from the fair value of the financial liability.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans are recognised when the funds are advanced to customers. Loans and receivables are carried at amortised cost using the effective interest method (see below).

(b) Other financial liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments. Other financial liabilities are recognised when cash is received from the depositors. Other financial liabilities are carried at amortised cost using the effective interest method. The fair value of other liabilities repayable on demand is assumed to be the amount payable on demand at the Statement of Financial Position date.

Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and maturity amount, minus any reduction for impairment.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2.4 Financial assets and liabilities (continued)

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of assets and liabilities in active markets are based on current bid and offer prices respectively. If the market is not active the Group establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net present value and discounted cash flow analysis.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all of the risks and rewards of ownership. In transaction in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. There have not been any instances where assets have only been partly derecognised. The Group derecognises a financial liability when its contractual obligation is discharged, cancelled or expires.

Impairment

The Group assesses at each financial position date whether there is objective evidence that a financial asset or Group of financial assets is impaired. If there is objective experience (such as significant financial difficulty of obligor, breach of contract, or it becomes probable that debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of loss is recognised in the Statement of Comprehensive Income.

2.5 Revenue

Revenue represents the value of goods and services supplied in the provision of the Group's online platform offering long term property rental services. The entity's main source of revenue derives from rental guarantor contracts whereby the entity acts as a guarantor for tenants willing to apply for a rental contract. For contracts on which revenue exceeds fees rendered, the excess is included as amounts recoverable on contract within other receivables. For contracts on which fees rendered exceeds revenue, the excess is included as deferred income within other payables.

2.6 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.7 Share capital

Ordinary shares are classified as equity.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2.8 Trade payables

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

2.9 Income tax expense

Current income tax which is payable on taxable profits is recognised as an expense in the year in which the profits arise.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.10 Intangible assets

Intangible assets with limited economic lives are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets as follows:

Trademarks	10 years
Databases	10 years
Computer software	3 years

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. In the case of assets whose cash flow generation cannot be separated and distinguished from that of other assets, the recoverable amount of the cash-generating component to which the asset belongs is estimated. Any impairment loss is recognised immediately in the statement of comprehensive income.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating component) is increased to the revised estimate of its recoverable amount, but to the extent that this increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

2.11 Research and development

The Group incurs expenditure on research and development in order to develop and improve new and the existing websites, website portals and related products. Expenditure may include staff costs of our in-house technical team and that of third party experts in the field.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2.11 Research and development (continued)

Unless they meet certain criteria for capitalisation, research expenditure on new website, website portals or products and obtaining new technical knowledge is expensed in the year in which it is incurred. Development costs whereby research findings are applied to creating a substantially enhanced website, website portal or new product, are only capitalised once we are satisfied that we can reliably measure the feasibility and the commercial viability and enhancement the project will ascertain. Capitalised development costs are amortised on a straight-line basis over their expected useful economic life.

Once the new website, website portal or product is available for use, subsequent expenditure to maintain the website, website portal or product, or on small enhancements to the website, website portal or product, is recognised as an expense when it is incurred.

2.12 Investments in subsidiaries

Investments are held as non-current assets at cost less any provision for impairment. Where the recoverable amount of the investment is less than the carrying amount, impairment is recognised.

2.13 Leased assets

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

fixed payments (including in-substance fixed payments), less any lease incentives receivable

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate (5.5%) is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

the amount of the initial measurement of lease liability

any lease payments made at or before the commencement date less any lease incentives received

any initial direct costs, and

restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Critical accounting estimates and judgments

The Group makes certain judgements and estimates which affect the reported amount of assets and liabilities. Critical judgements and the assumptions used in calculating estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Capitalisation of Intangible assets

The assessment of the future economic benefits generated by these separately identifiable intangible assets and the determination of its amortisation profile involve a significant degree of judgement based on management estimation of future potential revenue and profit and the useful life of the assets. Reviews are performed regularly to ensure the recoverability of these intangible assets.

3.2 Impairment of intangible assets

Determining whether intangible assets are impaired or whether a reversal of impairment of intangible assets recorded in previous years should be recorded requires an estimation of the higher of fair value and value in use, of the relevant cash-generating component, which represents its recoverable value. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating component discounted using a suitable discount rate to determine if any impairment has occurred. A key area of judgement is deciding the long-term growth rate and the discount rate applied to those cash flows.

3.3 Taxation

In recognising income tax assets and liabilities, management makes estimates of the likely outcomes of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the final outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of income tax assets and liabilities will be recorded in the year in which such a determination is made. In recognising deferred tax assets and liabilities management also makes judgements about the likely future taxable profits.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

4.1 Financial risk factors

The Group's activities expose it to a variety of risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Cash flow and Interest rate risk

The Group has the loan with a related party at the accounting date. The Group accounts for the loan at fair value. The Group does not manage any cash flow interest rate risk.

b) Liquidity risk

The Group is careful to ensure that its loans and investments can be realised prior to the due date for the repayment of loans. This applies equally to the underlying investments of the companies or projects in which the Group invests.

c) Capital risk

The Group takes great care to protect its capital investments. Significant due diligence is undertaken prior to making any investment. The investments are closely monitored.

d) Market risk

The Group currently operates only in the United Kingdom and is exposed to market risks in that jurisdiction. A general economic downturn at a global level, or in one of the world's leading economies, could also impact on the Company. In addition, terrorism and other hostilities, as well as disturbances in worldwide financial markets, could have a negative effect on the Group. Regulatory requirements, taxes, tariffs and other trade barriers, price or exchange controls or other governmental policies could also limit the Group's operations. These risks are also applicable to most companies and the risk that the Group will be more affected than the majority of companies is assessed as small.

e) Price risk

The principal activity of the Group is the provision of an online platform offering long term property rental services in the United Kingdom. The Group does not have a diversified portfolio of services and is therefore at risk

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure appropriate for its growth plans.

In order to maintain or adjust the capital structure the Company may issue new shares or alter debt levels. There were no changes to the objectives, policies or processes either during the year.

5 Segment information

The Group's single line of business is the provision of an online platform offering long term property rental services in the United Kingdom. The Group's primary reporting format is determined by the geographical segment according to the location of its establishments. There is currently only one geographic reporting segment, which is the UK. All costs are derived from the single segment. As the Group has only been recently formed there are a limited number of customers.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

6 Operating loss

	2020	2019
	£	£
Operating loss is stated after charging:		
Amortisation of intangible assets	99,238	148,960
Depreciation	17,704	-
Directors' emoluments	126,554	111,738
Wages and salaries	59,281	5,817
Staff Recruitment Cost	6,750	-
Audit fees	14,080	22,259
Accountancy	32,253	5,340
Legal and professional fees	49,596	12,110
Advertising	55,537	70,461
Rent and rates	1,459	19,254
Other expenses	47,281	34,633
Total administrative expenses	<u>509,733</u>	<u>430,572</u>

7 Employee benefit expense

	2020	2019
	£	£
Employees and Directors		
Directors' emoluments	126,554	111,738
Wages and salaries	59,281	5,817
	<u>185,835</u>	<u>117,555</u>

The average monthly number of employees (including directors) during the year was:

	2020	2019
	Number	Number
Directors	2	2
Staff	5	1
	<u>7</u>	<u>3</u>

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	7	3
	<u> </u>	<u> </u>
8 Finance costs		
	2020	2019
	£	£
Bank interest receivable	-	(8)
Bank interest payable	-	674
Operating lease interest – IFRS 16	3,181	-
Loan interest payable	46,998	27,617
	<u>50,179</u>	<u>28,283</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Taxation

	2020	2019
	£	£
Total current tax	-	-
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(468,970)	(410,519)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2019- 19%)	(89,104)	(77,999)
Effects of:		
Tax losses brought forward	-	-
Amortisation and depreciation	240	28,302
Non-deductible expenses	199	570
Effect of different corporate tax rates	24,958	-
Tax losses carried forward	63,707	49,127
Current tax charge for the year	-	-

The Parent Company has excess management expenses of £83,327 (2019: £20,757) available to carry forward. The deferred tax assets at a rate of 19% at the year end of £15,832 (2019: £3,944) have not been recognised in the financial statements due to the uncertainty of the recoverability of the amount.

The subsidiary companies have estimated trading losses of £1,774,657 (2019: £922,840) available for carry forward against future trading profits. The deferred tax assets at a rate of 10% (2019: 10%) at the year-end of £214,951 (2019: £92,284) have not been recognised in the financial statements due to the uncertainty of the recoverability of the amount.

10 Loss of parent Company

As permitted by Section 408 of the Companies Act 2006 the profit and loss account of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £62,570 (2019: Profit of £19,723).

11 Loss per share

Basic earnings per share is calculated by dividing the earnings attributable shareholders by the weighted average number of ordinary shares outstanding during the year. Reconciliations are set out below:

	2020	2019
Losses attributable to ordinary shareholders	(468,970)	(410,519)

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Weighted average number of shares	9,575,324	9,417,976
Basic and diluted loss per share (pence)	<u>(4.90)</u>	<u>(4.36)</u>

As the Group is loss making, any potentially dilutive instruments would be considered anti-dilutive, and so disregarded for the purposes of the diluted earnings per share.

12 Dividends

No dividends were paid or proposed for the year ended 31 December 2020.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

13 Fixed asset investments - Company

	2020	2019
	Shares in Group undertakings	Shares in Group undertakings
	£	£
At 1 January	8,500,501	8,500,501
Additions	-	-
At 31 December	8,500,501	8,500,501

The Group had the following subsidiaries at 31 December 2020, all of which have been included in the Group consolidation:

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares held by parent and Group (%)
Ezylet Ltd	Gibraltar	Online property portal	100.00
Woburn Limited (owned by Ezylet Ltd)	Gibraltar	Non-trading	100.00
RentGuarantor Limited (acquired 17 October 2018)	UK	Online property portal	100.00

14 Intangible assets- Group

	Trademarks	Database	Domain names	Computer software	Total
	£	£	£	£	£
Cost or Valuation					
As at 1 January 2020	13,877	465,753	2,411	384,913	866,954
Additions	-	-	-	54,793	54,793
As at 31 December 2020	13,877	465,753	2,411	439,706	921,747
Accumulated amortisation					
As at 1 January 2020	13,564	151,369	2,411	307,482	474,826
Amortisation for the year	145	46,575	-	52,518	99,238
As at 31 December 2020	13,709	197,944	2,411	360,000	574,064
Net Book Value					
As at 31 December 2020	168	267,809	-	79,706	347,683
As at 31 December 2019	313	314,384	-	77,431	392,128

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

15 Tangible assets - Group

	Right of use asset – leasehold property		Total	
	Computer equipment			
	£	£		
Cost or Valuation				
As at 1 January 2020	32,484	-	32,484	
Additions	2,644	68,679	71,323	
Transfers	(29,942)	29,942	-	
Lease modification	-	(29,942)	(29,942)	
As at 31 December 2020	5,186	68,679	73,865	
Accumulated depreciation				
As at 1 January 2020	174	-	174	
Depreciation for the year	1,267	16,437	17,704	
Lease modification	-	(4,990)	(4,990)	
As at 31 December 2020	1,441	11,447	12,888	
Net Book Value				
As at 31 December 2020	3,745	57,232	60,977	
As at 31 December 2019	32,310	-	32,310	
	Group		Company	
	2020	2019	2020	2019
	£	£		£
<i>Current</i>				
Prepayments	10,818	10,818	-	-
Trade Debtors	444	-	-	-
Other debtors	8,860	2,954	-	-
Unpaid Share Capital	-	-	-	-
Amounts owed by Group undertakings – current	-	-	-	-
<i>Non-Current</i>				
Amounts owed by Group undertakings – non-current	-	-	1,739,398	1,355,361
	20,122	13,772	1,739,398	1,355,361

16 Trade and other receivables

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

17 Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at banks and on hand and deposits with banks. Cash and cash equivalents at the end of the reporting year as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	
Cash and cash equivalents	9,914	18,451	23	11,622

The carrying amount of cash and cash equivalents approximates to its fair value.

18 Share capital

	Number of shares	Ordinary share capital
		£
Allotted, called up and fully paid		
Balance as at 1 January 2020	9,419,017	9,419,017
Shares issued during the year in the parent	188,334	188,334
Balance as at 31 December 2020	9,607,351	9,607,351

19 Share premium

	Group		Company	
	2020	2019	2020	2019
	£	£	£	
Premium on shares issued	65,125	38,459	65,125	38,459

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20 Accumulated losses

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
As at 1 January	(1,809,189)	(1,398,670)	(65,747)	(85,470)
Loss for the year	(468,970)	(410,519)	(62,570)	19,723
As at 31 December	(2,278,159)	(1,809,189)	(128,317)	(65,747)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

21 Liabilities

Non-current liabilities

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Convertible loan notes				
As at 1 January	223,078	186,000	223,078	186,000
Issued during the year	-	37,078	-	37,078
Reclassified to current liabilities	(53,773)		(53,773)	
As at 31 December	169,305	223,078	169,305	223,078
Lease liability				
As at 1 January	-	-	-	-
Raised during the year	33,003	-	-	-
As at 31 December	33,003	-	-	-
Total non-current liabilities	202,308	223,078	169,305	223,078

The convertible loan notes are repayable 24 months after issue. The loan notes carry a coupon rate of 15% per annum with the interest payable 6 monthly from the date of issue and is unsecured. These loans are currently convertible at the market rate and there is consequently no equity element on these loans as they fail the fixed for fixed criteria.

The lease liability represents the future payments due under the current operating lease for Ezylet Ltd (Gibraltar). On 1 July 2020 the Company moved to a larger office and so the historic lease expired. The new lease was signed for a period of 3 years. The incremental borrowing rate applicable to the lease is 5.5%.

Current liabilities

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade payables	64,626	101,077	-	-
Taxation and social welfare	62,228	21,583	-	-
Amounts due to related parties	671,653	493,092	478,043	239,482
Accruals	72,065	23,045	48,415	13,195

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Lease liability	25,000	-	-	-
Total current liabilities	895,572	638,797	526,458	252,677

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

22 Cash consumed in operations

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Operating loss	(418,791)	(382,236)	(15,572)	48,006
Adjustments for:				
Amortisation & Depreciation	116,942	148,960	-	-
Lease modification expense	4,453	-	-	-
Changes in working capital:				
- (Increase) / decrease in trade and other receivables	(6,350)	(11,534)	(384,037)	(272,341)
- Increase / (decrease) in trade and other payables	(14,904)	129,598	(2,840)	16,159
	<u>(318,650)</u>	<u>(115,212)</u>	<u>(402,449)</u>	<u>(208,176)</u>

23 Related party transactions

Amounts due to related parties – non-current	2020	2019
	£	£
Digital Real Estates Limited	-	54,843
Southpaw Limited	169,305	163,569
	<u>169,305</u>	<u>218,412</u>
Amounts due to related parties - current		
Digital Real Estates Limited	59,483	4,640
Loan from Paul Foy	291,110	157,409
Southpaw Limited	279,160	14,000
	<u>629,753</u>	<u>176,049</u>

Digital Real Estates and Southpaw Limited are related by virtue of having common controlling parties.

24 Contingent liabilities

The Group has no contingent liabilities in respect of legal or other financial claims arising from the ordinary course of business.

25 Subsequent events

Post year end two directors were appointed, being Kieron Becerra and Emma Foy.

Post year end, the Company issued 1,598,829 shares. Of the shares issued, 423,579 shares were issued at between £1.20 and £1.80 each the exercise of convertible loan notes, 223,000 shares were issued as a capital fundraise at £2 each raising £445,000, 50,000 shares were issued as payment for liabilities, and 902,250 shares were issued as incentives to staff members.

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Paul Foy, a director, and the Company entered into a loan agreement with an effective date of 1 December 2021, pursuant to which Mr Foy will loan £200,000 to the Company. Interest will accrue six monthly at an annual interest rate of 5 per cent. until the earlier of the date of full repayment of the loan balance and all accrued interest or conversion of the final amount outstanding under the loan balance and accrued interest.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

The Company is in advanced stages of Placing on the Aquis market, where it expects to raise £125,000 before expenses.

On Admission, the Company agreed to grant Optiva warrants to subscribe for 3,750 new Ordinary Shares exercisable at £2.00 per Ordinary Share at any time from the date of Admission for three years. Optiva were granted warrants equal in value to the 6 per cent placing commission fee.

26 Controlling party

There is no controlling party in the Company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.