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Kuflink “in strong position” and has made improvements with new auditors

MICHAEL LLOYD | INDUSTRY NEWS NEWS | EY HMRC KUFLINK NARINDER KHATTOARE |

Kuflink’s chief executive Narinder Khattoare has said that the peer-to-peer lending platform “is in a strong position” in 2021 and has successfully addressed many of the issues highlighted by its former auditors.

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EY formally stepped down as auditor of the platform in February, having indicated its intention to resign in last year's full-year accounts, according to Companies House documents.

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“We believe the controls present; the level of governance evidence; the level of record-keeping and the general oversight of the business are currently inadequate and require significant work to improve them,” EY said.

EY also noted an HMRC tax liability, relating to one of Kuflink Group's subsidiaries which should have been registered for VAT.

There is no suggestion of any wrongdoing by Kuflink.

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In response, Khattoare (pictured) said that the business has already successfully worked through many of these areas recorded by its old auditors with some still being addressed in collaboration with its new auditors, who are reportedly MHA MacIntyre Hudson.

He emphasised that none of the issues have or would have compromised any investor funds.

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“We had already started working in September 2020 with our new auditors on the matters highlighted (before Ernst & Young formally withdrew) and this was communicated to the Financial Conduct Authority (FCA) online,” Khattoare said.

“In 2021, the business is in a strong position and comes out of the pandemic in very good shape. Losses have narrowed to a point where we are confident that we are likely to announce breakeven or a profit very soon.

“As far as investors are concerned, £121m has been invested in the time we have been operating and I would point out that not one investor has lost money with us.

“£25m was paid back to investors during the pandemic but in total, we have returned over £73m in capital and interest to investors, many of whom have demonstrated their continuing confidence in Kuflink by reinvesting.”

With regard to the VAT issue, Khattoare said the platform has been in contact with HMRC since September last year, as the pandemic created delays in earlier contact.

Khattoare said the VAT amount has already been set aside and Kuflink is working with its new auditors to settle the £454,000 tax liability by the June 2021 deadline required by HMRC.

“Kuflink is in good health and looking forward to strong inward investment during the rest of this year and beyond,” Khattoare added.

“We are aware and in contact with the firm,” said an FCA spokesperson.

“In accordance with our usual practice, we cannot comment however on the detail of those discussions.”

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