

Company Registration No. 04752535 (England and Wales)

**INTERACTIVE INVESTOR PLC**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2015**

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COMPANIES HOUSE

# **INTERACTIVE INVESTOR PLC**

## **DIRECTORS AND ADVISERS**

### **Directors**

A Seale  
B Bicknell  
P Dicks  
T Levene  
A Pomfret (appointed 1st October 2014)  
N Brigstocke (resigned 1<sup>st</sup> October 2015)  
B Macfarlane (resigned 1<sup>st</sup> October 2015)  
M Horrocks (resigned 1<sup>st</sup> October 2015)  
H Van Vredenburg (appointed 1st October 2015)  
R Wilson (appointed 1st October 2015)

### **Secretary**

B Bicknell (appointed 4<sup>th</sup> July 2014)  
S Theron (resigned 4<sup>th</sup> July 2014)

### **Company number**

04752535

### **Registered office**

Standon House  
21 Mansell Street  
London  
E1 8AA

### **Registered auditors**

RSM UK Audit LLP  
25 Farringdon Street  
London  
EC4A 4AB

# **INTERACTIVE INVESTOR PLC**

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# **INTERACTIVE INVESTOR PLC**

## **STRATEGIC REPORT**

### ***FOR THE YEAR ENDED 30 JUNE 2015***

#### **Principal activities and review of the business**

The business of the Company concerns the online broker and investing portal; the mobile app focussed brand Shareprice for share dealing and shares information and white label execution only services. The company is regulated by the Financial Conduct Authority.

#### **Review of the business and future developments**

We are pleased to report revenue up 10.0% to £16.3m despite muted trading conditions. A fall of 0.8% in the FTSE All-share index (compared to a 9.4% increase the previous year), lack of retail IPO activity, regulatory change in the treatment of client money combined with both a general election and Scottish Independence referendum, all contributed to increased market uncertainty resulting in lower revenue growth than anticipated.

In order to accelerate organic growth, we continued our policy of increased investment in marketing and product development. This has resulted in a loss before tax of £1.0m, compared to £1.2m in the previous year.

The Group increased its market share across all key metrics. According to Compeer, the Group subsidiary, Interactive Investor Trading Ltd's trade volume increased 15% year on year compared to a 2% increase for the market as a whole. Assets under administration increased 52% compared to 10% for the market and while the muted trading conditions resulted in a 21% decrease in client acquisition, the market generally recorded a 40% decrease.

During the year we secured and launched a second white label share dealing service for Telegraph Investor, following on from Trustnet Direct in the prior year. This was followed by the launch of a white label share dealing service for The Motley Fool combined with the acquisition and migration of the The Motley Fool's share dealing client book onto our platform. Our white label services now provide a meaningful proportion of our revenue and new clients, and we are working with our partners to further accelerate revenue growth.

#### **Monitoring and managing risk**

The Directors of Interactive Investor Trading Limited constantly monitor and manage various operating, market and financial risks. The risk implications of all significant business decisions and inherent business risks are reassessed on a regular basis to ensure that changes in the operational or external environment are identified and appropriately managed.

The key risks are as follows:

##### **Operational**

A system failure of our broking platform is considered a key risk, to mitigate this risk, data recovery procedures have been set up and the source code for this system securely stored off site.

##### **Market**

Trade volumes are susceptible to a decline, due to instability in the market, a change in legislation or a change in FCA requirements. To mitigate this risk the Directors consider the current pricing model in terms of competitors and constantly assess the potential impact of legislative and FCA requirements on the current offering. This combined with a vigilant compliance process ensures the company can respond appropriately.

##### **Financial**

Exposure to interest rate fluctuations or liquidity shortages. The Directors have implemented a robust treasury policy and regularly review the credit worthiness of financial institutions where funds are held. The group manages its liquidity risk through the use of regularly updated cash flow forecasts and liquidity headroom analysis to determine funding requirements.

# **INTERACTIVE INVESTOR PLC**

## **STRATEGIC REPORT (CONTINUED)**

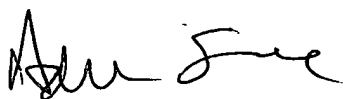
***FOR THE YEAR ENDED 30 JUNE 2015***

### **Key Performance Indicators**

The Directors use the following measures to judge performance:

- Earnings Before Interest Tax, Depreciation and Amortisation
- Assets under Management
- Unique visitors to the Group's websites
- Number of funded trading accounts

This report was approved by the board on 18 December 2015 and signed on it's behalf:

A handwritten signature in black ink, appearing to read 'A Seale', written in a cursive style.

**A Seale**  
**Director**

# **INTERACTIVE INVESTOR PLC**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 30 JUNE 2015***

The Directors present their report and financial statements for the year ended 30 June 2015

#### **Results and dividends**

The consolidated profit and loss account for the year is set out on page 9.  
No dividend was paid or proposed to the equity shareholders (2014: nil).

#### **Directors**

The following Directors have held office since 1 July 2014 (unless otherwise stated):

A Seale  
B Bicknell  
P Dicks  
T Levene  
A Pomfret (appointed 1st October 2014)  
N Brigstocke (resigned 1<sup>st</sup> October 2015)  
M Horrocks (resigned 1<sup>st</sup> October 2015)  
B Macfarlane (resigned 1<sup>st</sup> October 2015)  
H Van Vredenburg (appointed 1<sup>st</sup> October 2015)  
R Wilson (appointed 1<sup>st</sup> October 2015)

#### **Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Directors Key Performance Indicators**

Director's use the following measures to judge performance:

- Earnings before interest tax, depreciation and amortisation
- Increase in assets under management
- Unique visitors to the Group's websites
- Increase in number of funded trading accounts

# **INTERACTIVE INVESTOR PLC**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2015***

### **Statement of disclosure to auditors**

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Group's auditors are aware of that information.

On behalf of the board

A handwritten signature in black ink, appearing to read 'A Seale', written in a cursive style.

A Seale

**Director**

18 December 2015

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF INTERACTIVE INVESTOR PLC**

We have audited the financial statements on pages 9 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

#### **Respective responsibilities of directors and auditors**

As more fully explained in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

*RSM UK Audit LLP*

*21/12/2015*

**David Fenton (Senior Statutory Auditor)**

**For and on behalf of RSM UK AUDIT LLP (Formerly Baker Tilly UK Audit LLP), Statutory Auditor**

Chartered Accountants

25 Farringdon Street

London,

EC4A 4AB



**INTERACTIVE INVESTOR PLC**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 £	2014 £
Turnover	2	16,282,430	14,861,956
Cost of sales		(2,591,090)	(2,503,906)
<b>Gross profit</b>		<b>13,691,340</b>	<b>12,358,050</b>
Administrative expenses		(14,666,705)	(13,547,478)
<b>Operating loss</b>	3	<b>(975,365)</b>	<b>(1,189,428)</b>
Interest receivable/(interest payable) and similar charges	4	(17,126)	2,971
<b>Loss on ordinary activities</b>		<b>(992,491)</b>	<b>(1,186,457)</b>
Tax on loss on ordinary activities		-	-
<b>Loss on ordinary activities</b>	16	<b>(992,491)</b>	<b>(1,186,457)</b>

The turnover and operating loss for the year arise from the companies' continuing operations.

No separate statement of total recognised gains and losses has been presented, as all such gains and losses have been dealt with in the profit and loss account.

**INTERACTIVE INVESTOR PLC**  
**BALANCE SHEETS**  
**AS AT 30 JUNE 2015**

		<b>Group</b>		<b>Company</b>	
	<b>Notes</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Intangible assets	7	2,810,848	200,198	17,483	-
Tangible assets	8	213,161	406,180	-	-
Investments	9	-	-	27,556,188	27,524,851
		<u>3,024,009</u>	<u>606,378</u>	<u>27,573,671</u>	<u>27,524,851</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	10	3,322,276	2,395,623	1,003,316	83,876
Debtors: amounts falling due after more than one year	10	286,185	286,185	135,161	135,161
Cash at bank and in hand		2,571,701	2,954,058	15,418	11,690
		<u>6,180,162</u>	<u>5,635,866</u>	<u>1,153,895</u>	<u>230,727</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(2,777,221)</u>	<u>(1,929,780)</u>	<u>(374,776)</u>	<u>(1,692,508)</u>
<b>Net current assets/(liabilities)</b>		<u>3,402,941</u>	<u>3,706,086</u>	<u>779,119</u>	<u>(1,461,781)</u>
<b>Total assets less current liabilities</b>		<u>6,426,950</u>	<u>4,312,464</u>	<u>28,352,790</u>	<u>26,063,070</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(90,658)</u>	<u>(265,000)</u>	<u>(90,658)</u>	<u>(265,000)</u>
<b>Net assets</b>		<u>6,336,292</u>	<u>4,047,464</u>	<u>28,262,132</u>	<u>25,798,070</u>
<b>Capital and reserves</b>					
Called up share capital	14	142,598	126,296	142,598	126,296
Share premium account	15	22,804,445	19,570,765	22,804,445	19,570,765
Other reserves	15	510,694	479,357	510,694	479,357
Profit and loss account	15	(17,121,445)	(16,128,954)	4,804,395	5,621,652
<b>Shareholders' funds</b>	16	<u>6,336,292</u>	<u>4,047,464</u>	<u>28,262,132</u>	<u>25,798,070</u>

The financial statements on pages 9 to 29 were approved by the Board and authorised for issue on 18 December 2015 and signed on it's behalf by:



A Seale  
Director  
Company Registration No. 4752535 (England and Wales)

**INTERACTIVE INVESTOR PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	£	2015 £	£	2014 £
<b>Net cash outflow from operating activities</b>		(507,115)		(520,458)
Dividend expense	(17,126)			
Interest received	-		9,028	
<b>Net cash inflow for returns on investments and servicing of finance</b>		(17,126)		9,028
<b>Taxation</b>		-		-
<b>Capital expenditure</b>				
Payments to acquire intangible/tangible assets	(2,798,780)		(319,882)	
<b>Net cash outflow for capital expenditure</b>		(2,798,780)		(319,882)
<b>Net cash outflow before management of liquid resources and financing</b>		(3,323,021)		(831,313)
<b>Financing</b>				
Issue of ordinary shares	3,249,982		1,483,038	
Movement on preference shares	(174,341)		(45,798)	
Repayment of other long term loans	(134,977)		(82,730)	
<b>Net cash inflow from financing</b>		2,940,664		1,354,510
<b>Increase/(decrease) in cash in the year</b>		(382,357)		523,198

**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

<b>1 Reconciliation of operating loss to net cash outflow from operating activities</b>		<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>
Operating loss		(975,365)	(1,189,428)
Depreciation of intangible assets		139,482	389,053
Amortisation of tangible assets		241,667	65,503
Increase in debtors		(926,653)	(196,861)
Increase in creditors		982,417	291,275
Share-based payment		31,337	120,000
<b>Net cash outflow from operating activities</b>		<b>(507,115)</b>	<b>(520,458)</b>

<b>2 Analysis of net debt</b>		<b>1 July 2014</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>30 June 2015</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Net cash:					
Cash at bank and in hand		2,954,058	(382,357)	-	2,571,701
Debts falling due within one year		(216,182)	-	134,976	(81,206)
Debts falling due after one year		(265,000)	174,342	-	(90,658)
Net debt		<b>2,472,876</b>	<b>(208,015)</b>	<b>134,976</b>	<b>2,399,837</b>

Other non-cash changes represent the conversion of preference shares and accumulated dividends to ordinary shares.

<b>3 Reconciliation of net cash flow to movement in net debt</b>		<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>
(Decrease)/increase in cash in the year		(208,015)	605,928
Non cash changes in net debt		134,976	39,686
<b>Movement in net debt in the year</b>		<b>(73,039)</b>	<b>645,614</b>
Opening net debt		2,472,876	1,827,262
<b>Closing net debt</b>		<b>2,399,837</b>	<b>2,472,876</b>

**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**1 Accounting policies**

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

**1.2 Going concern**

The Group have prepared detailed forecasts and projections for the period beyond 12 months from the date of approval of these accounts. These projections show the Group (and hence Company) should be able to operate within the level of its current term facility. The Company and its fellow trading Group Companies will continue to be reliant on each other. Where there is formal agreement between the parties that intra Group loans are not repayable for a period which extends greater than one year after the balance sheet date, these amounts are classified as due after more than one year.

The Parent Company has undertaken to provide additional capital to its wholly owned subsidiaries to fund their operations going forward as required. It has also undertaken to underwrite the costs of services incurred by its wholly owned subsidiaries in the conduct of their business.

Having considered fully the above, the Directors have a reasonable expectation that the Group (and hence Company) has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**1.3 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

**1.4 Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the Company and its subsidiary undertakings made up to 30 June 2015. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-Group sales and profits are eliminated fully on consolidation.

# INTERACTIVE INVESTOR PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2015

#### 1 Accounting policies (continued)

##### 1.5 Turnover

Turnover represents the amounts (excluding value added tax) derived from trading transactions, advertising and magazine publishing.

Transactions-related revenue is derived from the following types of transactions: initial and trail commission from the sale of unit trusts and ISA's, commissions on equity and derivative trades and a share of interest margin on client cash deposits held in investment accounts. All transactions-related revenue is billed and recognised as revenue in the period that the transaction occurs.

Advertising revenue is earned in the form of upfront and variable payments dependent on delivery of a required number of advert impressions or on the number of referrals / applications generated and in the form of revenue share arrangements. Upfront and periodic payments are deferred and recognised as revenue over the period and level of advert impressions to which the contract relates. Revenue in relation to referral / application or revenue share dependent contracts is recognised in the period that the relevant referral / application occurs.

##### 1.6 Development costs

Costs incurred in respect to development of existing business assets and development of new assets are capitalised. These assets are then written off in equal annual instalments over its estimated useful life of seven years.

##### 1.7 Goodwill

Goodwill is being written off in equal annual instalments over its estimated useful economic life of seven years.

##### 1.8 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings leasehold	33.33% straight line
Fixtures, fittings & equipment	20% - 33.33% straight line
Computer equipment	20% - 33.33% straight line

##### 1.9 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**1 Accounting policies** (continued)

**1.10 Investments**

Fixed asset investments are stated at cost less provision for impairment.

**1.11 Stock**

Stock is valued at the lower of cost and net realisable value.

**1.12 Pensions**

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

**1.13 Deferred taxation**

Deferred taxation is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events that may result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax assets are only recognised when it is more likely than not that they will be recovered.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non discounted basis.

**1.14 Share-based payments**

Certain Group employees, including Directors, are rewarded with share-based instruments. In accordance with the requirements of FRS 20 "Share-based payment", the Group has applied FRS 20 to all equity settled share options granted after 7 November 2002 that were unvested at 1 July 2006. These share-based instruments are stated at fair value at the date of grant and this is expensed on a straight line basis over the estimated vesting period. The fair value calculation is based upon the Group's estimate of shares that will eventually vest.

Fair value is estimated using the Black-Scholes-Merton valuation model. The estimated life of the instrument used in the model is adjusted for management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations.

**1.15 Government Grants**

Government grants on capital expenditure are credited to a deferral account and are released to revenue by equal annual amounts over the expected useful life of the asset to which they relate.

Grants of a revenue nature are credited to income in the period to which they relate.

**2 Turnover**

The total turnover of the Group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2015**

<b>3</b>	<b>Loss on ordinary activities before tax</b>	<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>
	Loss on ordinary activities before tax is stated after charging/(crediting)		
	Depreciation of tangible assets	241,667	389,053
	Amortisation of intangible assets	139,482	65,503
	(Gain)/Loss on foreign exchange transactions	8,359	(2,162)
	Operating lease rentals		
	- Land and buildings	424,290	349,374
	- Plant and equipment	127,974	94,571
	Auditors' remuneration (Company £15,000; 2014: £15,000)	85,000	80,000
	Remuneration of associates of the auditors for non-audit work		
	- Taxation compliance services	55,000	16,000
		<hr/>	<hr/>
<b>4</b>	<b>Interest payable</b>	<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>
	Interest receivable	-	9,028
	Dividends on preference shares classified as debt	(17,126)	(6,057)
		<hr/>	<hr/>
		(17,126)	2,971
		<hr/>	<hr/>
<b>5</b>	<b>Taxation</b>	<b>2015</b>	<b>2014</b>
	<b>Total current tax</b>	-	-
		<hr/>	<hr/>
	<b>Factors affecting the tax charge for the year</b>		
	Loss on ordinary activities before taxation	(992,491)	(1,186,457)
		<hr/>	<hr/>
	Loss on ordinary activities before taxation multiplied by the average standard rate of UK corporation tax of 20.75% (2014 - 22.5%)	(205,948)	(266,969)
		<hr/>	<hr/>
	Effects of:		
	Non-deductible expenses	27,319	73,809
	Differences between capital allowances and depreciation	4,138	24,600
	Unrelieved taxable losses	174,491	168,560
		<hr/>	<hr/>
		205,948	266,969
		<hr/>	<hr/>
	<b>Current tax charge for the year</b>	-	-
		<hr/>	<hr/>



**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2015**

The Group has estimated losses of £13.2million (2014 - £12.2 million) available for carry forward against future trading profits.

The Group is unable to utilise these losses other than by way of offsetting against future profits. Given the uncertainty over the timing of the future utilisation of these losses no deferred tax assets have been recognised in respect of them.

**6 Profit for the financial year**

As permitted by section 408 of the Companies Act 2006, the holding Company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2015 £	2014 £
Holding Company's profit/(loss) for the financial year	(817,257)	1,203,016

**7 Intangible fixed assets**  
**Group**

	Development Costs £	Company Goodwill £	Group Goodwill £	Total £
<b>Cost</b>				
At 1 July 2014	126,000	1,447,680	1,918,781	3,492,461
Additions	1,307,132	1,443,000	-	2,750,132
	<u>1,433,132</u>	<u>2,890,680</u>	<u>1,918,781</u>	<u>6,242,593</u>
At 30 June 2015	1,433,132	2,890,680	1,918,781	6,242,593
<b>Amortisation</b>				
At 1 July 2014	3,500	1,447,680	1,841,083	3,292,263
Charge for the year	10,397	66,927	62,158	139,482
	<u>13,897</u>	<u>1,514,607</u>	<u>1,903,241</u>	<u>3,431,745</u>
At 30 June 2015	13,897	1,514,607	1,903,241	3,431,745
<b>Net book value</b>				
At 30 June 2015	<u>1,419,235</u>	<u>1,376,073</u>	<u>15,540</u>	<u>2,810,848</u>
At 30 June 2014	<u>122,500</u>	<u>-</u>	<u>77,698</u>	<u>200,198</u>

**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**8 Tangible fixed assets**  
**Group**

	Land and buildings leasehold improvement	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 July 2014	206,175	3,000,385	202,140	3,408,700
Additions	-	30,715	18,950	49,665
Disposals	-	(1,017)	-	(1,017)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015	206,175	3,030,083	221,090	3,457,348
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 July 2014	206,175	2,679,331	117,014	3,002,520
Charge for the year	-	202,303	39,364	241,667
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015	206,175	2,881,634	156,378	3,244,187
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 30 June 2015	-	148,449	64,712	213,161
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2014	-	321,054	85,126	406,180
	<hr/>	<hr/>	<hr/>	<hr/>

**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**9 Fixed asset investments**

<b>Company</b>	<b>Loans to Group undertakings</b>	<b>Shares in Group undertakings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 July 2014	28,821,426	4,300,484	33,121,910
Transferred from current assets	-	31,337	31,337
At 30 June 2015	28,821,426	4,331,821	33,153,247
<b>Provision for impairment</b>			
At 1 July 2014	5,597,059	-	5,597,059
Charge for the year	-	-	-
At 30 June 2015	5,597,059	-	5,597,059
<b>Net book value</b>			
At 30 June 2015	23,224,367	4,331,821	27,556,188
At 30 June 2014	23,224,367	4,300,484	27,524,851

Amounts owed to the Company by Capital Accumulation Services Limited have been capitalised in loans to Group undertakings as the loan is considered to be long term. This loan has been previously impaired. Impairment has been measured using a "value in use" methodology. A discount rate of 12% has been applied. Growth rates are based on one year's detailed budget and two years growth with no growth thereafter.

In the opinion of the Directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

**Holdings of more than 20%**

The Company holds more than 20% of the share capital of the following significant trading entities:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Capital Accumulation Services Limited	England and Wales	Ordinary	100
Interactive Investor Trading Limited	England and Wales	Ordinary	100
Moneywise Publishing Limited	England and Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	<b>Principal activity</b>
Capital Accumulation Services Limited	Financial products information and service provider
Interactive Investor Trading Limited	Financial products information and transactional services
Moneywise Publishing Limited	Magazine publisher

**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**10 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	1,066,910	1,100,884	-	-
Amounts owed by Group undertakings	-	-	483,841	-
Other debtors	1,194,786	482,638	591,555	135,161
Prepayments and accrued income	1,346,765	1,098,286	63,081	83,876
	<u>3,608,461</u>	<u>2,681,808</u>	<u>1,138,477</u>	<u>219,037</u>

Amounts falling due after more than one year and included in the debtors above are:

	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other debtors	<u>286,185</u>	<u>286,185</u>	<u>135,161</u>	<u>135,161</u>

**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**11 Creditors : amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	1,001,117	249,583	82,273	13,280
Amounts owed to Group undertakings	-	-	-	1,601,449
Taxes and social security costs	528,571	352,642	-	(272,891)
Other creditors	185,921	714,107	169,255	179,924
Accruals and deferred income	1,061,612	613,448	123,248	170,746
	<u>2,777,221</u>	<u>1,929,780</u>	<u>374,776</u>	<u>1,692,508</u>

Other creditors includes £81,206 (2014: £216,182) accumulated preference share dividend representing the total amount accrued since April 2004.

**12 Creditors : amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Preference shares classed as a financial liability	90,658	265,000	90,658	265,000
	<u>90,658</u>	<u>265,000</u>	<u>90,658</u>	<u>265,000</u>

Rights and obligations relating to the preference shares are fully detailed in note 14 to the financial statements.

**13 Pension and other post-retirement benefit commitments**

**Defined contribution**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Contributions payable by the Company for the year	284,146	204,815
Contributions payable by the Group to the fund at the year end and included in creditors	<u>(13,757)</u>	<u>(58,055)</u>

**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2015**

14	Share capital	2015 £	2014 £
	<b>Allotted, called up and fully paid</b>		
	610,205 (2014: 541,909) Ordinary shares of £0.20 each	122,042	108,382
	27,408 (2014: 23,885) Ordinary Shares 'C' deferred of £0.75	20,556	17,914
		<u>142,598</u>	<u>126,296</u>

A general meeting on 9<sup>th</sup> March 2015 approved the issue of 67,708 ordinary shares on a non-pre-emptive basis. These shares were allotted to shareholders at £48 per share.

In addition to the approved issue, the Board agreed a further 588 shares to be allotted at £48 per share.

Further to the ordinary shares disclosed above, there are 1,813 (2014: 5,300) £50 preference shares allotted called up and fully paid. The preference shareholders shall be entitled to (in priority to payment of any dividend to holders of ordinary shares) a fixed cumulative preferential dividend at the rate of 8% per annum accruing on a daily basis on the subscription price for such shares, paid quarterly in arrears on 31 March, 30 June, 30 September and 31 December. On a return of assets on a liquidation, reduction of capital or otherwise, the preference shares rank above ordinary shares. In the event of a sale the preference shares rank above ordinary shares.

Save as may be expressly set out in the articles the ordinary shares and preference shares are treated on a pari passu basis.

The ordinary shares carry the rights to distributable profits, and, on a winding-up, to all surplus capital remaining after the payment of all other debts and liabilities and preferential obligations.

**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**14 Share capital (continued)**

The Preference shareholders, and the Ordinary shareholders shall be entitled to receive notice of, to attend, and to vote at, general meetings of the Company; every Preference shareholder, and Ordinary shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote on a show of hands and on a poll every Preference shareholder and Ordinary shareholder so present shall have one vote for each Preference share or Ordinary share (as the case may be) held.

Deferred shareholders are not entitled to any dividend or other distribution in respect of their holding of such shares. Further, deferred shareholders shall not be entitled to receive notice of, or to attend or vote at any general meeting of the Company.

The Group operates six share option schemes (two of which are Inland Revenue approved schemes) under which options for shares have been granted to Directors and employees. The options on three of the schemes vest and become immediately exercisable on the date of grant with respect to 25% of the Option Shares and shall thereafter vest and become exercisable with respect to the remaining 75% of the Option Shares in equal instalments of 25% of the Option Shares on each of the first, second and third anniversaries of the date of grant. One third of the options on one scheme vest immediately with the remaining two thirds vesting on a year anniversary for two successive years thereafter. The options on one of the schemes vest and become immediately exercisable on the date of grant with respect to 100% of the Option Shares. One of the schemes only vest on the achievement of performance criteria of either achieving £3 million profit before tax or on achieving an Ordinary Share price of £100. The Company has issued five rounds of options under these schemes and the numbers outstanding as at 30 June 2015 were as follows:

	Round 3	Round 4	Round 5	Round 6	Round 7
Exercise price	£72.11	£32.00	£40.00	£40.00	£40.00
Expiry date	16/02/17	17/05/20			
Number granted	8,673	23,312	59,946	5,943	10,758
Outstanding 1 July 2010	6,721	23,312	-	-	-
Granted	-	-	-	-	-
Exercised	-	-	-	-	-
Lapsed	(395)	(1,120)			
Outstanding 30 June 2011	6,326	22,192	-	-	-
Outstanding 1 July 2011	6,326	22,192	-	-	-
Granted	-	-	-	-	-
Exercised	-	-	-	-	-
Lapsed	-	(1,381)	-	-	-
Outstanding 30 June 2013	6,326	20,611	-	-	-

**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2015**

**14 Share capital (continued)**

	Round 3	Round 4	Round 5	Round 6	Round 7
Outstanding 1 July 2013	6,326	20,811	-	-	-
Granted	-	-	59,946	-	-
Exercised	-	-	-	-	-
Lapsed	(4,609)	(14,702)	(17,602)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding 30 June 2014	1,717	6,109	42,344		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding 1 July 2014	1,717	6,109	42,344	-	-
Granted	-	-	-	5,943	10,758
Exercised	-	-	-	-	-
Lapsed			(6,958)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding 30 June 2015	1,717	6,109	35,386	5,943	10,758
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The fair value of the options was calculated by applying the Black Scholes option valuation model.  
The model inputs were:

- Share price:	£72.11	£32	£28	£33.6	£33.6
- Exercise price:	£72.11	£32	£40	£40	£48
- Expected volatility:	25%	30.31%	30%	30%	30%
- Expected dividends:	0%	0%	0%	0%	0%
- Expected life:	3 years	5 years	3 years	3 years	3 years
- Risk-free interest rate:	5.33%	2.36%	0.5%	0%	0%

Fair value of Option:	£9.90	£9.90	£2.75	£4.92	£3.12
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# INTERACTIVE INVESTOR PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2015

#### 15 Statement of movements on reserves

##### Group

	Share premium account £	Share option reserve £	Profit and loss account £
Balance at 1 July 2014	19,570,765	479,357	(16,128,954)
Loss for the year	-	-	(992,491)
Premium on shares issued during the year	3,233,680	-	-
Share options valuation adjustment	-	31,337	-
Balance at 30 June 2015	<u>22,804,445</u>	<u>510,694</u>	<u>(17,121,445)</u>

##### Company

	Share premium account £	Share option reserve £	Profit and loss account £
Balance at 1 July 2014	19,570,765	479,357	5,621,652
Loss for the year	-	-	(817,257)
Premium on shares issued in the year	3,233,680	-	-
Share options valuation adjustment	-	31,337	-
Balance at 30 June 2015	<u>22,804,445</u>	<u>510,694</u>	<u>4,804,395</u>

**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**15 Statement of movements on reserves (continued)**

**Share Premium Account (Detailed)**

	<b>Group</b>	<b>Company</b>
Balance at 1 July 2014	19,570,765	19,570,765
Premium on shares issued in the year	3,233,681	3,233,680
Balance at 30 June 2015	<u>22,804,445</u>	<u>22,804,445</u>

**16 Reconciliation of movements in shareholders' funds**  
**Group**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(992,491)	(1,186,457)
Proceeds from issue of shares	3,249,982	1,483,038
Share options valuation adjustment	31,337	120,000
Net movement in shareholders' funds	<u>2,288,828</u>	<u>416,581</u>
Opening shareholders' funds/(deficit)	<u>4,047,464</u>	<u>3,630,883</u>
Closing shareholders' funds	<u>6,336,292</u>	<u>4,047,464</u>

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Company</b>		
Profit/(Loss )for the financial year	(817,257)	1,203,016
Proceeds from issue of shares	3,249,982	1,483,038
Share options valuation adjustment	31,337	120,000
Net addition to shareholders' funds	<u>2,464,062</u>	<u>2,806,054</u>
Opening shareholders' funds	<u>25,798,070</u>	<u>22,992,016</u>
Closing shareholders' funds	<u>28,262,132</u>	<u>25,798,070</u>

**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**17 Financial commitments**

At 30 June 2015 the Group had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>		<b>Plant and equipment</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expiry date:				
Within one year	119,574	-	-	94,571
Between two and five years	304,716	329,574	127,974	-
	<u>424,290</u>	<u>329,574</u>	<u>127,974</u>	<u>94,571</u>

At 30 June 2015 the Company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Expiry date:		
Within one year	-	-
Between two and five years	304,716	210,000
	<u>304,716</u>	<u>210,000</u>

**18 Directors' emoluments**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	492,392	540,733
Company pension contributions to money purchase schemes	20,400	33,825
	<u>512,792</u>	<u>574,558</u>

The number of Directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2014 - 2).

Included in the above amount is nil (2014 - nil) of compensation in consideration for, or in connection with a person's retirement from office.

Emoluments disclosed above include the following amounts paid to the highest paid Director:

Emoluments for qualifying services	197,000	218,759
Company pension contributions to money purchase schemes	9,900	17,200
	<u>206,900</u>	<u>235,959</u>

During the year, no share options were exercised by the highest paid Director.

**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**19 Employees**

**Number of employees**

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

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Management (Exco)	7	7
Administration	136	135
	<u>143</u>	<u>142</u>

**Employment costs**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Wages and salaries	5,934,537	5,607,731
Share-based payment	31,337	120,000
Social security costs	676,100	649,434
Other pension costs	284,146	204,815
	<u>6,926,120</u>	<u>6,581,980</u>

**INTERACTIVE INVESTOR PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**20 Related party relationships and transactions**

**Group**

The Group has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the Group.

During the year, the following transactions were conducted by Directors or companies in which Directors have an interest.

Details:	Ordinary Shares Acquired @ £48 per share	
	£	Number
T Levene (Augmentum)	296,880	6,185
B MacFarlane (Mainspring Nominees)	570,096	11,877
P Dicks	101,328	2,111
A Seale	13,584	283
N Brigstocke (Rensburg Client Nominees Ltd)	40,896	852
B Bicknell	1,488	31
H Van Vredenburg (TMF Trustees SG Investor)	35,088	731
A Pomfret	96,000	2,000
	<hr/>	<hr/>
	1,155,360	24,070
	<hr/>	<hr/>

**21 Post Balance Sheet Events**

No significant post balance sheet events are noted.

**22 Control**

As at 30 June 2015, no persons or entities held a majority interest in the issued share capital of the Group. Accordingly, no single shareholder is considered to have overall control of the Group.