Oakam Limited

Annual report and financial statements

for the period ended 30 June 2019

Registered number: 05878249

Oakam Limited

Contents

Oakam Limited

Officers and professional advisers

Directors

Frederic Nze
Andrea Gerosa

Registered office

23-31 Great Titchfield Street
London W1W 7PA

Registered number

05878249

Bankers

National Westminster Bank Plc
City Markets Group
Floor 9
280 Bishopsgate
London EC2M 4RB

Auditor

BDO LLP
150 Aldersgate Street
London

EC1A 4AB

Oakam Limited

Strategic report

The directors present their strategic report on the Company for the 18-month period ended 30 June 2019.

Principal activities

Oakam Limited (the "Company") is the trading Company for the Akrod Limited Group (the "Group")

- A Fintech leader providing access to credit in underserved communities.
- Operates through a mobile-first distribution and servicing model.
- Technology, alternative data and the application of behavioural science are at the core if its model.

The current customer base is primarily made up of recent/first generation immigrants to the UK and UK customers with either an impaired credit rating or no credit rating history.

Business review

The Company experienced a turbulent 18-month period as it completed the transition from retail to digital business model.

Operating loss increased from £3.3m in 2017 to £9.3m in 2019 as the company continued to invest in the development of its technology platform, digital underwriting scorecards, acquiring new customers, exiting legacy retail leases and restructuring the organisation of our customer facing people.

The active customer loan book before provision and accrued income fell to £12.2m (2017: £23.7m) as a result of the administration and a period of lending inactivity between March and June 2019.

Customer complaints and regulatory uncertainty continue to have an impact in the high cost short-term lending sector and have seen some significant competitors exit the sector altogether. Whilst there was an increase in the period in customer claims this has been relatively modest to date, and the Company continues to ensure our products and practices are in compliance with Financial Conduct Authority ("FCA") regulatory guidelines.

Although there have been significant challenges in the period, the Company ended the period with more focus as a digital lending business supported by a new Senior Management Team and new investors.

Group Restructure

The process of restructuring the business model, from a retail to a digital only method of delivery, caused the Company to breach its debt facility covenants with Victory Park Capital LLP ("VPC") and the Company was placed into administration on 28 February 2019. A Company Voluntary Arrangement ("CVA") was launched and approved, which allowed the company to reduce past and future cash outgoings, and the Company exited administration on the 28 June 2019. As part of the restructure funding has been provided by new investors through Akrod Ltd which secured equity financing of £6m and which then paid this to the Company in July and August 2019 as a shareholder loan. This funding together with the agreement of VPC to extend repayment of their facility allowed the Company in early July 2019 to contribute £1m to the CVA and relaunch the business.

Future developments

The Company recommenced lending activities following relaunch in July 2019. The CVA was completed and fully implemented on 11 October 2019. Further information is provided in the Directors Reports under the Going Concern section.

Strategic report

Key performance indicators

In the Directors' opinion, the key performance indicators are the levels of revenue, profit before tax, and trade debtors. Given the circumstances in the period (the administration, restructuring, extended period of not lending and long period of financial statements), comparison of these indicators with earlier periods are not considered to be particularly meaningful.

Revenue was £30.6m which, when adjusted to take account of the longer period of accounts, was down on the previous period (2017: £22.4m) and is attributed to the 4 months during the time of the administration when the Company was not able to lend to customers. The fall in the customer loan book shown within Trade Debtors to £8.6m net of provisions and accrued income (2017: £20.6m) is similarly attributed to the administration.

Loss before tax was £12.4m (2017: £4.3m) and is the result of a combination of the cost of investment in technology, further development of digital underwriting scorecards, the restructuring of the business including the costs of the administration, and a falling customer loan book.

Principal risks and uncertainties

The principal risks and uncertainties that the Company faces are detailed below:

Regulatory risk:

- The Company is regulated by the Financial Conduct Authority ("FCA") and would define regulatory risk as the risk of not complying with current regulations and not being able to adapt to future legal or regulatory changes.
- The Company has a compliance function which monitors compliance with relevant regulations and reports to the credit and executive committee. An experienced Senior Management team is in place which monitors legislative changes and expert third-party legal advice is taken where necessary.
- Ongoing constructive dialogue is maintained with regulators and the Company wants to play a full and active part in all relevant regulatory reviews and consultation processes, recognising that a failure to comply with regulatory requirements could have a damaging impact on the Company's reputation in the market as well as leading to financial penalties and ultimately withdrawal of its FCA licence.

Credit risk:

- The Company undertakes unsecured lending which carries a risk attached to customers' changes in personal circumstances and the risk that our customers are unable to repay their loans.
- This risk is mitigated by accurate lending decisions, reviewing underwriting criteria regularly and the development of in-house credit risk assessment technology.
- Oakam loans are underwritten via the Group's web and mobile application. Alternative data is utilised together with traditional credit data to evaluate affordability, sustainability and creditworthiness.
- On top of the data driven approach the traditional credit risk framework is used to set and monitor risk appetite and the performance of the Group's decision tools and portfolios.
- The Company's exposure to interest rate risk is currently limited to the funding from the Victory Park Capital debt facility, as all other funding and liquidity is provided by the Company's shareholders. The loan is secured by a fixed and floating charge over the assets of the group.

Oakam Limited

Strategic report

Market risk:

- Oakam loans are based on a fixed interest rate and therefore are not exposed to market driven fluctuations. Due to the inherent interest rates the impact of changes in Bank of England Base rates is limited.
- The Company is exposed to interest risk over its wholesale funding. This is mitigated by the Company's ability to re-price its asset book.
- Competition continues to be monitored closely recognising the risk of new or existing competitors impacting business performance unexpectedly.

Liquidity risk:

- The Company reviews and updates it cash flow predictions through the period via its forecasting process ensuring sufficient cash to manage its operations is available at all times.
- Oakam has a tight cash flow control policy and due to the short-term life of our receivables, our cash position is also managed by balancing repayments received against new loans granted.
- The Company concluded amendments to the terms of its loan facility with VPC on 5 March 2020 which includes repayment by 30 April 2020, and is in the process of agreeing an alternative debt financing solution.
- The Group received a £6m equity injection from new investors in July 2019 with the funding received into the Company post period end and the investors have expressed a willingness to commit further support in the future.

Going concern

The Company signed an agreement with Victory Park Capital LLP ("VPC") on 5 March 2020 regarding repayment of the facility and removal of covenants, which the Directors believe may have been breached before the facility was previously due to mature on 1 April 2020. The major shareholders in the Group have expressed support for this solution and willingness to provide additional funding. There is also an agreement in the process of being finalised with another debt funding partner and therefore the Directors consider these funding sources to be sufficient to support repayment of the VPC facility and to ensure adequate funding to execute the business plan.

Directors have noted that the Company is reliant upon an injection of funds to repay the existing loan facility with VPC. The loan is due to be repaid by 30 April 2020 in three instalments with an option at the discretion of the Company prior to the final repayment date to convert part of the repayment into a loan. At the time of signing the accounts, £4.1m has been repaid with two instalments remaining.

The Directors have considered alternative refinancing scenarios that would achieve similar objectives but consider these to be less likely than repayment of the existing facility. As at the date of signing, the arrangements have not been agreed, which indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

In reaching the conclusion that the Company may be regarded as a going concern, the Directors have a reasonable expectation that the Company will receive further shareholder funding and have access to new alternative debt financing and therefore 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.

Approved by the Board of Directors
and signed on behalf of the Board on

12 March 2020
Frederic Nze
Chief Executive Officer

Directors' report

The Directors present their report and the audited financial statements for the period ended 30 June 2019.

Results and dividends

The profit and loss account is set out on page 9 and shows a loss for the period of £12.4m (2017: loss of £4.5m).

The Directors do not recommend the payment of a dividend (2017: £nil).

Charitable and political donations

During the period there were no charitable donations (2017: £nil). There were no political contributions (2017: £nil).

Directors served during the period

The Directors who served during the period and up to the date of approval of the financial statements (unless otherwise indicated) were:

Frederic Nze
James Roy Clark (resigned 13 March 2019)
Andrea Gerosa (appointed 12 November 2019)

Auditor

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed accordingly.

Oakam Limited

Directors' responsibilities statement

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Comply with UK Accounting Standards subject to any material departures disclosed and explained in the financial statements; and
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors and signed on behalf of the Board

Frederic Nze
Chief Executive Officer

12 March 2020

23-31 Great Titchfield Street

London

W1W 7PA

Oakam Limited

Independent Auditor's Report to the Members of Oakam Limited

Opinion

We have audited the financial statements of Oakam Limited (the 'company') for the period ended 30 June 2019, which comprise; Statement of Profit or Loss, Statement of Financial Position, Statement of Changes in Equity 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 audit opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements, which indicates the that the Company is reliant upon additional funding from its shareholders and a debt funding partner. This event indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Oakam Limited (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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, 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.

Responsibilities of directors

As explained more fully 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

Kelly Sheppard

Kelly Sheppard, *Senior Statutory Auditor*

For and on behalf of BDO LLP, Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

12 March 2020

Oakam Limited

Profit and loss account
For the period 1 January 2018 to 30 June 2019

	Notes	18 Months to 30 June 2019 £	12 Months to 31 December 2017 £
Turnover	4	30,640,271	22,350,181
Cost of Sales		(65,222)	(31,220)
Gross Profit		30,575,049	22,318,961
Distribution expenses		(20,776,023)	(11,762,632)
Administration expenses		(19,085,820)	(13,829,538)
Operating Loss	7	(9,286,794)	(3,273,209)
Other interest receivable and similar income		21,202	1,183
Interest and fees payable and similar charges	8	(3,142,241)	(1,046,571)
Loss on ordinary activities before taxation		(12,407,833)	(4,318,597)
Tax on loss on ordinary activities	9	-	(230,542)
Loss for the financial year after taxation		(12,407,833)	(4,549,139)

There is no other comprehensive income and thus a statement of comprehensive income has not been prepared. The notes of pages 12 to 30 form an integral part of these financial statements.

Oakam Limited

Statement of financial position
At 30 June 2019

	Notes	30 June 2019 £	31 December 2017 £
Fixed assets			
Intangible assets	10	1,601,388	1,861,256
Tangible assets	11	84,995	217,397
Total fixed assets		1,686,383	2,078,653
Current assets			
Debtors			
- due within one year	12	6,363,336	17,953,124
- due after one year	12	3,352,080	5,533,852
Cash at bank and in hand		4,717,577	3,456,950
		14,432,993	26,943,926
Creditors: amount falling due within one year	13	(16,465,828)	(3,131,276)
Provisions for liabilities	14	(626,793)	(256,715)
Net current (liabilities)/assets		(2,659,628)	23,555,935
Total assets less current liabilities		(973,245)	25,634,588
Creditors: Amounts falling due more than one year	15	-	(14,200,000)
Net assets/(liabilities)		(973,245)	11,434,588
Capital and reserves			
Called up share capital	17	-	-
Capital contribution		31,772,537	31,772,537
Profit and loss account		(32,745,782)	(20,337,949)
Shareholders' Capital / (deficit)		(973,245)	11,434,588

The notes on pages 12 to 30 form an integral part of these financial statements. The financial statements of Oakam Limited (Registered No. 05878249) were approved by the Board of Directors and authorised for issue on 12 March 2020. They were signed on its behalf by:

Frederic Nze

Chief Executive Officer

Oakam Limited

Statement of changes in equity
As at 30 June 2019

	Profit and Loss Account	Capital Contribution	Total
	£		£
At 1 January 2017	**(15,788,810)**	-	**(15,788,810)**
Loss for the financial year	(4,549,139)	-	(4,549,139)
Loan Waiver	-	31,772,537	31,772,537
Total Comprehensive Income	**(4,549,139)**	**31,772,537**	**27,223,398**
At 31 December 2017	**(20,337,949)**	**31,772,537**	**11,434,588**
Loss for the financial period	(12,407,833)	-	(12,407,833)
Total Comprehensive Income	**(12,407,833)**	-	**(12,407,833)**
At 30 June 2019	**(32,745,782)**	**31,772,537**	**(973,245)**

Notes to the financial statements
For the period 1 January 2018 to 30 June 2019

1 **Accounting policies**

Oakam Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office and the principal place of business is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 4.

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*).

The Company is a member of a group where its parent of the group prepares publicly available consolidated financial statements and that its financial statements are included in the consolidation. Hence, the Company has taken FRS 102 disclosure exemptions in paragraph 1.12 in preparing its financial statements, in accordance with paragraphs 1.8 to 1.10 of FRS102. The Company has taken disclosure exemptions under FRS102 to not present cash flows and related party transactions.

The presentation and functional currency of these financial statements is sterling, rounded to the nearest pound.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these annual accounts.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business Review which forms part of the Strategic Report. The Strategic Report also describes the financial position of the Company; its liquidity position and funding; the Company's objectives; key performance indicators; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

The company was placed into administration on 28 February 2019. A Company Voluntary Arrangement ("CVA") was launched and approved, which allows Oakam Limited to reduce past and future cash outgoings, and the company exited administration on the 28 June 2019.

The Company signed an agreement with Victory Park Capital LLP ("VPC") on 5 March 2020 regarding repayment of the facility and removal of covenants, which the Directors believe may have been breached before the facility was previously due to mature on 1 April 2020. The major shareholders in the Group have expressed support for this solution and willingness to provide additional funding. There is also an agreement in the process of being finalised with another debt funding partner and therefore the Directors consider these funding sources to be sufficient to support repayment of the VPC facility and to ensure adequate funding to execute the business plan.

Directors have noted that the Company is reliant upon an injection of funds to repay the existing loan facility with VPC. The loan is due to be repaid by 30 April 2020 in three instalments with an option at the discretion of the Company prior to the final repayment date to convert part of the repayment into a loan. At the time of signing the accounts, £4.1m has been repaid with two instalments remaining.

The Directors have considered alternative refinancing scenarios that would achieve similar objectives but consider these to be less likely than repayment of the existing facility. As at the date of signing the arrangements have not been agreed, this indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

In reaching the conclusion that the Company may be regarded as a going concern, the Directors have a reasonable expectation that the Company will receive further shareholder funding and have access to new alternative debt financing and therefore 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.

Notes to the financial statements (continued)
For the period 1 January 2018 to 30 June 2019

Revenue recognition and classification of financial assets

i) Classification of financial assets

The Company classifies its financial assets, mainly loans and receivables as a *'Basic Financial Instrument' in line with FRS 102 Section 11 guidelines.*

'Loans and advances' are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

The Company considers its loan portfolio as a basic financial instrument as it complies with points 11.8(b) "a debt instrument (such as an account, note, or loan receivable or payable) that meets the conditions in paragraph 11.9 and is not a financial instrument described in paragraph 11.6(b)."

Oakam loans meet the conditions a debt instrument shall satisfy in accordance with paragraph 11.8(b) and 11.9 as a basic financial instrument. These are:

a) Return to the lender - the contractual return to the lender, assessed in the currency in which the debt instrument is denominated is a positive fixed rate.
b) The loans are not inflation linked.
c) No variation in returns.
d) Loss of principle - the fact that a debt is subordinated to other debt instruments, does not, in itself, affect the loan's classification. In other words Oakam loans do not automatically fail to qualify as basic.
e) Early repayment option - Oakam allows the borrower to voluntarily prepay a debt at par. No fees are charged on early repayment.
f) Extension terms - for our extended loans i.e. 'top up' the original agreement of the loan is cancelled via termination of contract agreement and issuing of new contract.

ii) Recognition

The Company initially recognises loans and advances and deposits on the date on which they are originated. All other loans are recognised on the date on which the Company becomes a party to the contractual provisions of the instrument.

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Turnover presented in the profit and loss account include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.
- Fee income and transaction related expenses: Fee income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Notes to the financial statements (continued)
For the period 1 January 2018 to 30 June 2019

Impairments and Provisions

Identification and measurement of impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets not carried at fair value through the income statement are impaired. A financial asset or a group of financial assets is 'impaired' when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- Significant financial difficulty of the borrower or issuer;
- Default or delinquency by a borrower;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; and
- Indications that a borrower will enter bankruptcy.

The Company considers evidence of impairment for loans and advances at both a specific asset and a collective level. All individually significant loans and advances are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans that are not individually significant are collectively assessed for impairment by grouping together loans with similar risk characteristics.

In assessing collective impairment, the Company uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historical trends.

Default rates, loss rates and the expected timing of future recoveries are benchmarked at least once a year against actual outcomes to ensure that they remain appropriate.

Provisioning for Impairment

Provision is made against all accounts that are 1 month or more in arrears. The propensities of accounts at each stage (i.e. 0, 1, 2 or 3 months) of arrears likely to progress to write off are derived by reference to a three month transition matrix.

Based upon the transition matrix and allowing for predicted recoveries, the percentages applied to both outstanding capital and interest.

The following are the different stages.

Arrears Bucket	Factors 2019	Factors 2017
B0 (less than 1 month in arrears)	0.84%	0.52%
B1 (1 month in arrears)	26.82%	42.71%
B2 (2 months in arrears)	47.35%	61.95%
B3 (3 months in arrears)	77.10%	84.32%

Once accounts become 4 months in arrears they are written off on the basis that historically 99% of such debts are not recoverable. From an accounting perspective, capital write offs and movements in provision are reported as a separate item. Interest write offs and movements in provision are reflected in interest income. Any recoveries from written off accounts are recognised on a cash received basis.

Derecognition

Financial assets are derecognised only when the rights to the cash flows from the asset have expired or are settled; or the entity has transferred all the risks and rewards of ownership, or where ownership is transferred but control is relinquished.

Intercompany loans

Oakam Limited is the trading company for the Oakam Group. Oakam Finance Limited (intermediate parent) provided funding to Oakam Limited (subsidiary) through an intercompany loan until the loan, £31.8m, was waived in 2017 (refer to Note 20).

Classification

The Company considered intercompany loans as 'Basic Financial Instruments' on the basis that this being a financing transaction. Therefore the Company measures the debtor or creditor at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Recognition

As per FRS102.11.13, if the arrangement constitutes a financing transaction, the entity shall measure the financial asset or liability at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Oakam Limited uses the market discounted rate based on the average cost of debt. Where the loan is made at a non-market rate of interest and the lender and borrower are related parties because one owns the other or lender and borrower owned by the same entity or person, the difference arising on initial recognition of the loan would be generally accounted for as a distribution or capital contribution.

Measurement

Year 1

The loan, held as a basic financial instrument, is measured at amortised cost using effective interest rate method. The effective interest rate determined in the valuation of the loan (based on initial recognition date) will be applied going forward.

Interest received in the parent should be recognised as interest income in profit and loss, and in the subsidiary an interest expense in profit and loss.

Subsequent years

There are two views under FRS102 with regards to ongoing treatment in terms of unwinding of the interest. The Company takes a view that the adjustment in FRS102.11.20 is continuous. This means that at each date, the financial asset and financial liability is continually measured at the net present value discounted by the effective rate of interest. This has the effect that unwinding of the discount does not commence until the lender exercises the demand feature. The impact is that Oakam Limited only recognises the discount unwinding from the point the demand feature is exercised and similarly in respect of the lender.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale;
- The intention to complete the software and use or sell it;
- The ability to use the software or to sell it;
- How the software will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software; and
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. A typical software has an economic useful live between 2 to 5 years. The Company assessed that the estimated useful life of internally generated software is 3 years.

Where software is developed by third party contractors, this software is capitalised and depreciated over its expected useful life.

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Company is expected to benefit. This period is three years. Provision is made for any impairment.

Property, plant and equipment

Assets are stated at cost net of depreciation and impairment in value. Depreciation is provided to write off the cost or valuation, less estimated residual values, of all assets within this category, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Lease property improvements	-	33% per annum straight-line basis
IT and telecoms equipment	-	33% per annum straight-line basis
Motor Vehicles	-	33% per annum straight-line basis

Taxation

UK corporation tax is provided at amounts expected to be paid/recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date where transactions or events that 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.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Taxation (continued)

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less / (more) than the value at which it is recognised, a deferred tax liability / (asset) is recognised for the additional tax that will be paid / (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided / (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Other loans treatment and recognition

Amortised cost measurement

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

Fair value measurement

'Fair value' is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction. When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognised in the Profit and Loss account on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Leases

Where Oakam has risks and rewards, the classification is a finance lease but all other leases are operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Premiums, reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the length of the lease.

Trade debtors

Trade debtors are made up of customer loan repayments due. For all loans, instalments are included in the balance sheet at their current capital value plus accrued interest.

Provision for doubtful debts and write-offs

Provision is made against all loan accounts that are 1 month or more in arrears. The propensity of accounts at each stage 1, 2, or 3 months of arrears likely to progress to write off are derived by reference to a three month transition matrix. A provision is also made against all cases less that 1 month in arrears. Once accounts become 4 months in arrears they are written off. An additional provision has been included at 30 June 2019 following the administration and the extended period of lending inactivity which adversely impacts customer behaviours.

Pension costs

Contributions to the Company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable. The assets of the scheme are held separately in an independently administered fund.

Dividends

Equity dividends are recognised when they become legally payable. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

2 Financial and Capital risk management.

2.1 Financial risk management

The Company's business is exposed to a variety of financial risks. The financial risks are mainly categorised as credit risk, liquidity risk and market risk (including interest rate risk). The objective of the company's risk management framework is to identify and assess the risks facing the company and to minimise the potential adverse effects of these risks on the company's financial performance. Financial risk management is overseen by the risk committee.

(a) Credit risk

Credit risk is the risk that the company will suffer from loss in the event of a default by a customer. A default occurs when the customer fails to honour repayments as they fall due. The Company provides for any amounts of loan principal and interest that is estimated to be irrecoverable from customers.

Liquidity risk

Liquidity risk is the risk that the company will have insufficient liquid resources available to meet its operational plans and/or to meet its financial obligations as they fall due. Liquidity management includes maintaining sufficient cash reserves to facilitate timing differences between cash outflows and receipt of customer loan repayments and growth. Cash positions are monitored daily and forecasting is used to manage the stability of the projected liquidity changes. The Company's finance team monitors forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs and satisfying the Company's banking covenants.

The Company has two main sources of funding:

- A debt facility from Victory Park Capital LLC or, when this is repaid, an alternative debt financing partner
- Support from parent company, Akrod Ltd

The Company has limited liquidity exposure due to the short-term nature of the company's main loan products.

The company at any time, and in order to mitigate risk can reduce the rate of repeat lending and therefore accelerate the repayment of its trade debtor account, to deal with any short or medium term liquidity constraints.

Oakam Limited

Notes to the financial statements (continued)
For the period 1 January 2018 to 30 June 2019

Maturity analysis

Financial liabilities 2019

	<1 year	>1 year < 5 years	More than 5 years	Total
Bank loan facility	-	-	-	-
Other loan facility	13,345,317	-	-	13,345,317
Trade payable and accruals	2,536,537	-	-	2,536,537
	15,881,854	-	-	15,881,854

Financial assets 2019

	<1 year	>1 year < 5 years	More than 5 years	Total
Trade debtors	5,712,809	3,206,861	-	8,919,670
Other debtors & accrued	522,509	-	-	522,509
Cash and cash equivalent	4,717,577	-	-	4,717,577
	10,952,895	3,206,861	-	14,159,756

Financial liabilities 2017

	<1 year	>1 year < 5 years	More than 5 years	Total
Bank facility	-	14,200,000	-	14,200,000
Other loan facility	-	-	-	-
Trade payable and accruals	3,131,276	-	-	3,131,276
	3,131,276	14,200,000	-	17,331,276

Financial assets 2017

	<1 year	>1 year < 5 years	More than 5 years	Total
Trade debtors	16,145,216	5,145,707	-	21,290,923
Other debtors & accrued income	673,859	-	-	673,859
Cash and cash equivalent	3,456,950	-	-	3,456,950
	20,276,025	5,145,707	-	25,421,732

(b) Market risk including interest risk

Interest rate risk is the risk of a change in external interest rates which leads to an increase in the Company's cost of borrowing. The Company LIBOR exposure arises from the current wholesale loan agreement with Victory Park Management LLC with total exposure of £13.3m. The Company currently does not use derivatives to hedge its interest rate exposure. The sensitivity analysis is shown below:

LIBOR change	Exposure to LIBOR Rate hikes (EBITDA Impact) £	Exposure to LIBOR Rate hikes (Turnover Impact) %
25bps	33,400	0.00
50bps	66,800	0.00
75bps	100,200	0.00
100bps	133,500	0.00

2.2 Capital risk management

The Company manages its capital to maintain efficient capital structure which includes ensuring the company is able to continue as going concern, maximizing returns whilst satisfying the Company's banking covenants and regulatory requirements of the by FCA. The capital structure of the Company consists of cash and cash equivalents, long term subordinated debt via Oakam Finance Limited and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

	2019	2017
	£	£
Cash & cash equivalent, share capital and subordinated debt		
Cash at bank and in hand	4,717,577	3,456,950
Share capital	-	-
Capital contribution	31,772,537	31,772,537
Retained earnings	(32,745,782)	(20,337,949)
	3,744,332	14,891,538

3 Critical accounting judgement and key sources of estimation of uncertainty

As part of the preparation of the financial statements, the Company makes estimates and judgements that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on many factors including historical experience and expectations of future events that are believed to be reasonable under the circumstances.

These estimates and judgements are described below:

Impairment losses on loans to customers

Loan impairment losses represent the Company's best estimate of losses incurred in the loan portfolios at the balance sheet date. The Company is required to exercise judgement in making assumptions and estimates when calculating loan impairment losses.

Impairment provisions are calculated using historical arrears experience, modelled credit risk characteristics and information from external data agencies.

Estimates are applied to determine prevailing market conditions, customer behaviour (e.g. default rates), changes in law and regulations and other influences on customer payment patterns. The accuracy of the provision would therefore be affected by unexpected changes to these assumptions.

Impairment losses and also write offs are explained in detail in accounting policy under the category of *Impairment and Provision.*

Financial instruments

Financial Assets – Oakam Loan.

The recognition of Oakam loans as basic financial asset is discussed in detail in the Note 1 to these financial statements, under the section 'Revenue recognition and classification of financial assets'. The Board of Directors have conducted assessment of the loan portfolio to determine whether or not it is a basic financial instrument. The loan portfolios satisfy all the conditions mentioned in FRS102 paragraph 11.8 and 11.9, as a Basic Financial Instrument.

Financial Liabilities – Intercompany loan

This section is further explained in the Note 1 to these financial statements, under the section 'Intercompany loans'.

Financial Liabilities – External Debt

Oakam Limited entered an amended debt facility agreement with Victory Park Management LLC on 1 August 2019. At the end of 2019, the total principal outstanding debt is £13.3m. The blended funding rate in period was 12.9% (2017: 12.5%). The loan facility is repayable on 1 April 2020. The loan is secured over the 'receivable book' of the Group.

4.1 Turnover

Turnover is wholly attributable to the principal activities of the Company and arises solely within the United Kingdom.

4.2 Effective Interest Rate (EIR) Implementation Methodology

<u>Introduction</u>

Recognition of the fees and expenses related to the origination of our loans under the effective interest rate methodology.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

Effective Interest Rate

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the carrying amount of the financial asset or financial liability.

The effective interest rate is determined on the basis of the carrying amount of the financial asset or liability at initial recognition. Under the effective interest method:

(a) The amortised cost of a financial asset / (liability) is the present value of future cash receipts / (payments) discounted at the effective interest rate; and

(b) The interest expense / (income) in a period equals the carrying amount of the financial liability / (asset).

Methodology for recognising Fees

Oakam charges a fee on its non high cost short-term credit origination business. Those fees are aimed at covering the costs related to the origination of all loans and are usually capitalised to the loan on origination.

To implement the recognition of our fees using the EIR method we have carried out a loan by loan analysis for the year segmented the fees into:

1) Fees for loans originated in the period that closed in the period, and therefore are recognised in the period.
2) Fees for loans originated in the period that remained open at the end of the year are recognised according to the time passed since inception, using their contractual life.
3) Fees for loans originated in the period that were written off during the year or beyond are recognised until the point of default as they were collected through the repayment of the capital for those loans. The remaining payable fees are provisioned as part of the provisioning of the unpaid capital.

5 Employees

	2019	2017
	£	£
Staff costs (including Directors) consist of:		
Wages and salaries	6,933,271	5,650,206
Social security costs	915,792	633,999
Employers pension costs (defined contribution scheme)	137,108	78,087
	7,986,171	6,362,292

	2019	2017
	£	£
The average monthly number of employees during the period was as follows:		
Average number of employees	153	221

The outstanding pension contributions included in other creditors as at 30 June 2019 amounted to £16,581 (2017: £16,232).

Oakam Limited

Notes to the financial statements (continued)
For the period 1 January 2018 to 30 June 2019

6 Directors' remuneration

	2019	2017
	£	£
Director's remuneration consists of:		
Director's emoluments	577,791	272,823
Emoluments of the highest paid director during the period	577,791	272,823

There was one director in the Company's defined contribution pension scheme during the period (2017: one). Company contributions to the defined contribution pension scheme for the highest paid director amounted to £8,776 (2017: £7,940).

7 Loss on ordinary activities before taxation

	2019	2017
	£	£
This has been arrived at after charging:		
Depreciation and amortisation	2,107,252	1,068,744
Loss on disposal of fixed assets	78,790	-
Operating leases – land and buildings	1,578,963	1,109,058
Fees payable to Company's auditor	82,040	66,420
Fees payable to Company's auditor for non-audit (taxation services)	24,180	17,797
Fees payable to Administrators and their advisors	730,116	-

8 Interest and fees and payable and similar charges

	2019	2017
	£	£
Bank loan and overdraft	8,042	803,753
Other finance cost	3,134,199	242,818
	3,142,241	1,046,571

9 Taxation on loss from ordinary activities

	2019	2017
	£	£
Loss on ordinary activities before tax	(12,407,833)	(4,318,597)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(2,357,488)	(831,330)
Effects of:		
Expenses not deductible for tax purposes	247,460	1,635
Other permanent differences	(2,120)	(2,269)
Deferred tax not recognised	2,086,823	953,166
Adjustments in respect of prior periods	-	230,500
Accelerated capital allowances	-	(121,160)
Fixed asset differences	25,325	-
Current tax charge for the period	-	**230,542**

Deferred tax – Amounts not recognised (at the closing tax rate)

	2019	2017
Fixed assets	(689,948)	(914,427)
Timing differences – trading	(2,818)	(3,084)
R&D claim	-	(5,490)
Losses	(5,620,527)	(4,106,691)
	(6,313,293)	(5,029,692)

The company did not recognise a closing balance sheet deferred tax asset as at 30 June 2019 of £6,313,293 in respect of fixed asset timing differences, R&D claim, short-term timing differences and losses (2017: £5,029,692). This is because it is uncertain whether profits will be available against which such timing differences can reverse in the foreseeable future.

As at 30 June 2019, the standard rate of corporation tax in the UK was 19%. The standard rate of tax changed from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profits for the period ended 30 June 2019 have been taxed at the rate of 19% (2017: 19.25%).

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes not recognised at the balance sheet date have been measured using these enacted tax rates.

Notes to the financial statements (continued)
For the period 1 January 2018 to 30 June 2019

10 Intangible Asset

	Software
	£
Cost	
At 1 January 2018	5,376,416
Additions	1,646,841
Disposals	-
At 30 June 2019	**7,023,257**
Amortisation	
At 1 January 2018	(3,515,160)
Charge for the period	(1,906,709)
Disposals	-
At 30 June 2019	(5,421,869)
Net book value	
At 30 June 2019	**1,601,388**
At 31 December 2017	1,861,256

Notes to the financial statements (continued)
For the period 1 January 2018 to 30 June 2019

11 Tangible assets

	Leasehold property improvements	IT and telecoms equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2018	3,054,903	2,050,151	5,210	5,110,264
Additions	108,721	62,352	-	171,073
Disposals	(3,059,364)	(252,625)	(5,210)	(3,317,199)
At 30 June 2019	**104,260**	**1,859,878**	-	**1,964,138**
Depreciation				
At 1 January 2018	(2,988,996)	(1,898,661)	(5,210)	(4,892,867)
Charge for the period	(67,718)	(132,825)	-	(200,543)
Disposals	2,956,432	252,625	5,210	3,214,267
At 30 June 2019	**(100,282)**	**(1,778,861)**	-	**(1,879,143)**
Net book value				
At 30 June 2019	**3,978**	**81,017**	-	**84,995**
At 31 December 2017	65,907	151,490	-	217,397

There are no assets held under finance leases.

12 Debtors

	2019	2017
	£	£
Amounts falling due within one year:		
Trade debtors	9,315,433	19,221,761
Provision for doubtful debt	(3,602,623)	(3,076,545)
Amount due from group undertaking	5,573	40,785
Other debtors	356,715	673,859
Prepayments and accrued income	288,238	1,093,264
	6,363,336	17,953,124
Amounts due falling after one year:		
Trade debtors	3,206,862	5,145,707
Prepayments and accrued income	145,218	388,145
	3,352,080	5,533,852
Total debtors	**9,715,416**	**23,486,976**

Included within prepayments and accrued income are rent deposits of £145,218 (2017: £388,145) which are secured by a number of rent deposit deeds.

Notes to the financial statements (continued)
For the period 1 January 2018 to 30 June 2019

13 Creditors: amounts falling due within one year

	2019	2017
	£	£
Other loans	13,345,317	-
Withholding tax	230,464	87,473
Trade creditors	1,650,440	1,126,853
Other taxation and social security	178,550	188,885
Accruals and deferred income	887,077	1,710,233
Other creditors	173,980	17,832
	16,465,828	3,131,276

Included above are liabilities of £1m in respect of the CVA and this amount was paid to the Supervisors of the Voluntary Arrangement in July 2019. Refer to Note 15 for explanation of Other loans.

14 Provisions

	Onerous lease provision	Other	Total
	£	£	£
At 1 January 2018	-	256,715	256,715
Additions	427,893	65,000	492,893
Releases	-	-	-
Realised during the period	-	(122,815)	(122,815)
At 30 June 2019	427,893	198,900	626,793

Onerous lease provisions

Where leasehold properties become vacant, the Company provides for all costs, net of anticipated income, to the end of the lease or the anticipated date of the disposal or sublease. This provision relates to an area of the office in Croydon, which was vacated in June 2019 and is surplus to Company requirements. The provision is expected to be utilised over the life of the related lease 2021 respectively.

Other

This comprises provision for redress payments to customers, liabilities in respect of amounts potentially repayable to a debt recovery company following sale of some older customer accounts, and provision for costs associated with defending legacy unfair dismissal claims brought by 3 former employees.

Notes to the financial statements (continued)
For the period 1 January 2018 to 30 June 2019

15 Creditors: amounts falling after one year

	2019	2017
	£	£
Amounts due to group undertakings	-	-
Other loans	-	14,200,000
	-	14,200,000

Other loans are in relation to Victory Park Capital LLC and are disclosed in Note 13 in 2019. The total principal amount of £13.3m (2017: £14.2m) was outstanding under the amended debt facility dated 1 August 2019. The revised maturity of the facility under the amended agreement is 1 April 2020. The loan is secured by a fixed and floating charge over the assets of the group. An intercompany guarantee is secured over the assets of the company. Oakam Finance Limited is included in this guarantee.

16 Commitments under operating leases

As at 30 June 2019, the Company's total future minimum lease payments under non-cancellable operating leases as set out below:

	2019	2017
	Land and buildings	Land and buildings
	£	£
Operating leases which expire:		
i) Within one year	491,667	1,088,341
ii) Between one and five years	244,641	1,802,931
iii) After five years	-	105,000
	736,308	2,996,272

The Company had no commitments under finance leases.

17 Share capital

	2019	2017	2019	2017
	Number	Number	£	£
Authorised				
Ordinary shares of £0.01 each	100,000	100,000	1,000	1,000

	2019	2017	2019	2017
	Number	Number	£	£
Allotted, called up fully paid				
Ordinary shares of £0.01 each	1	1	0.01	0.01

Notes to the financial statements (continued)
For the period 1 January 2018 to 30 June 2019

18 Related party transactions

Subsidiary, parent and ultimate controlling party

The Company is fully owned by Oakam Finance Limited, which became a subsidiary of Akrod Ltd when it acquired Oakam Holdings Ltd on 25 March 2019.

At 30 June 2019 the Company's ultimate parent undertaking is Akrod Limited, which is the parent of the smallest and largest groups into which the results of the Company are consolidated. The financial statements of Akrod Ltd are available from Companies House. The ultimate controlling party is Frederic Nze.

19 Key management personnel

	2019	2017
	£	£
Total remuneration	734,155	424,381
Total remuneration of key management personnel	734,155	424,381

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director. The remuneration includes all employee benefits; all forms of consideration paid.

20 Loan waiver

Oakam Finance Ltd waived its intercompany loan to Oakam Limited of £31.8m in the previous year as part of a capital restructuring of the Oakam Group.

21 Post Balance Sheet Event

The Company signed an agreement with VPC on 5 March 2020 that provides for repayment of the facility by 30 April 2020 in 3 instalments with an option to extend part of the final payment.