

Registered number: 7798925

**iwoca**  
instant working capital

**iwoca Limited**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

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## IWOCA LIMITED

### COMPANY INFORMATION

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<b>Directors</b>	C Rieche J Dear B Gishen J Schneider C Scheible V Foca A Cookson
<b>Registered number</b>	7798925
<b>Registered office</b>	26 Red Lion Square London WC1R 4AG
<b>Independent auditors</b>	haysmacintyre 26 Red Lion Square London WC1R 4AG

## IWOCA LIMITED

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## IWOCA LIMITED

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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#### Introduction

iwoca (which stands for "instant working capital") offers a new type of credit facility for small businesses, allowing them to take advantage of opportunities previously only available to their larger peers. From placing larger stock orders to bridging cashflow gaps, we believe that access to finance is crucial to driving business growth.

More startup than financial institution, we use technology to eliminate the cost and complexity associated with traditional business finance. That means we can offer instant credit facilities with no upfront fees, no long-term commitments and the flexibility to top up and pay down as required.

At our core is a data-driven risk model which looks at entirely new metrics. Take an eBay business for example - looking at the customer feedback score helps us to predict a company's future health. Analysing tens of thousands of data points like this allows us to make fast, accurate lending decisions.

#### Business review

During the year the business has developed significantly.

Turnover continued to grow rapidly in the United Kingdom with a growth rate of 139% while the gross loan book outstanding at the year end had risen by 114%.

The group has continued to grow overseas during the period. The Polish entity incorporated in late 2013 commenced trading in 2014 and the group has since added subsidiaries in both Germany and Spain.

#### Principal risks and uncertainties

The principal risks facing the company are:

**Customer default risk** - there is a risk that the group could face significant threats to its liquidity or continued status as a going concern if there was a significant increase in the rate or scale of customer default in respect of the repayment of the credit facilities advanced to them by iwoca.

Such events could occur in the event of a major downturn in the European economy or a failure of the group to manage the risks involved when advancing credit facilities to consumers. The group seeks to manage this risk by employing a range of advanced credit assessment checks on all applicants together with ongoing reviews and the assessment of potentially irrecoverable debts.

**Reputational risk** - there is a risk that a failure of the group to maintain its excellent reputation could impact negatively the demand for its services. Management maintains its reputation by seeking to act and lend in a responsible and transparent manner. Management consider that the group's reputation is currently excellent given the number of excellent reviews of its services from customers on such forums as "Trust Pilot".

The group is a member of the Consumer Credit Trade Association and is regulated by the FCA with a clean disciplinary record.

**Funding risk** - there is a risk that the group may fail to attract new investors and funding currently required for its planned expansion and growth targets. Currently access to and the availability of funding is very good and the group is close to securing further funding.

Management have ensured this is the case by continuing to grow the group's trading activity, expanding its geographical reach while maintaining and strengthening its excellent reputation as a source of funding to new businesses.

## IWOCA LIMITED

### GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

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#### Principal risks and uncertainties (continued)

**Regulatory risk** - An element (less than 25% of the total loan book value at the year end) of the group's trade has been regulated by the Financial Conduct Authority (the "FCA") since the 1 April 2014 when the FCA took responsibility for the regulation of consumer credit from the Office of Fair Trading ("OFT"). As is the case for other providers of consumer credit previously regulated by the OFT the group has interim permission to continue carrying out consumer credit activities. Ultimately the group must apply for full authorisation from the FCA to continue these activities. A failure or delay to achieving this permission could impact on the group's ability to continue its business.

Group management seek to control this risk by reviewing systems, controls and procedures in place against best practice and employing external consultants and experts to monitor, review and assess the group's reporting and practices against the requirements of the regulatory background.

**Technological risk** - there is a risk that the group may face threats to its ability to trade and, or to its reputation through a failure to maintain its technology and defend operating systems from cyber attack.

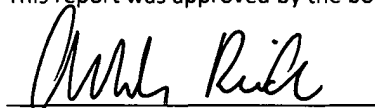
Management address this risk by implementing a system of controls, security software and upgrades which is constantly reviewed for effectiveness

#### Financial key performance indicators

The group's key performance indicators are turnover growth and lending volume.

Turnover grew by 145% between 2013 and 2014 while net funds (net of provisions for uncertain recovery) advanced to customers at the year had increased by 128% as the group continued to grow its business in the UK and the Rest of Europe.

This report was approved by the board on *30 MARCH 2015* and signed on its behalf.



C Rieche  
Director

## IWOCA LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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The directors present their report and the financial statements for the year ended 31 December 2014.

#### Principal activities

The company's principal activity is the provision of flexible funding solutions to small businesses and ecommerce retailers.

#### Results

The loss for the year, after taxation, amounted to £1,801,000 (2013 - loss £1,375,000).

#### Directors

The directors who served during the year were:

C Rieche  
J Dear  
B Gishen  
J Schneider  
C Scheible  
V Foca  
A Cookson

#### Going concern

Having reviewed the Group's cash resources at the year end, and, having considered future trading and funding requirements the Directors consider it appropriate to prepare the financial statements on a going concern basis.

In order to reach this conclusion the Directors have prepared cash flow forecasts and break even analysis for a period of more than 12 months from the date of the approval of these financial statements.

These forecasts and break even analysis take account of the Directors expectations of the most likely future trading scenarios, together with fixed and variable cost commitments (which can be scaled back according to the level of activity and planned growth rates), and the directors experience of past trading and other factors. The Directors have prepared forecasts for future periods which assume the continuation of current rapid rates of growth. For these growth rates to be achieved the group will continue to invest heavily in marketing, advertising and promotional costs and will require further rounds of debt and equity funding. The group is currently in the process of finalising a further round of funding which management consider will be sufficient to enable the group to continue to meet its growth targets. Should funding not be forthcoming management consider that the group has the ability to significantly reduce its cost base in such a manner so as to become profitable while maintaining the current levels of loan book and income.

Therefore the Directors consider it appropriate to prepare the group and company financial statements on the going concern basis.

#### Post year end events

Subsequent to the year end the company issued Ordinary shares for total consideration of £150,000 and received further funding of over £1.5m through the Secured Bond facility.

## IWOCA LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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#### Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, 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 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 judgments 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.

#### Matters covered in the Strategic report

The business review and information on risks and uncertainties is included in the Strategic Report.

#### Disclosure of information to auditors

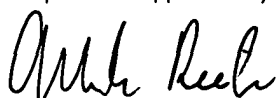
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

#### Auditors

The auditors, haysmacintyre, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *30 MARCH 2015* and signed on its behalf.



**C Rieche**  
Director

## IWOCA LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF IWOCA LIMITED

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We have audited the financial statements of iwoca Limited for the year ended 31 December 2014, set out on pages 6 to 23. 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 Auditors' 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 explained more fully in the Directors' Responsibilities Statement, 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 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 [www.frc.org.uk/auditscopeukprivate](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 group's and the parent company's affairs as at 31 December 2014 and of the group's 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.

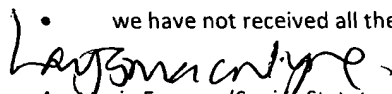
#### Opinion on other matter prescribed by the Companies Act 2006

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



Anastasia Frangos (Senior Statutory Auditor)

for and on behalf of

**haysmacintyre**

Statutory Auditors

26 Red Lion Square

London

WC1R 4AG

Date: 30 March 2015



**IWOCA LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £000	2013 £000
<b>TURNOVER</b>	1,2	2,728	1,109
Cost of sales		(926)	(437)
<b>GROSS PROFIT</b>		1,802	672
Administrative expenses		(3,374)	(1,845)
<b>OPERATING LOSS</b>	3	(1,572)	(1,173)
Interest payable and similar charges	7	(367)	(202)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,939)	(1,375)
Tax on loss on ordinary activities	8	138	-
<b>LOSS FOR THE FINANCIAL YEAR</b>	15	(1,801)	(1,375)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

The notes on pages 10 to 23 form part of these financial statements.

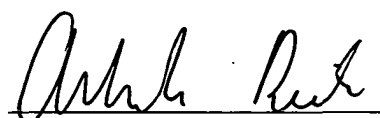
IWOCA LIMITED  
REGISTERED NUMBER: 7798925

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2014**

	Note	2014 £000	2013 £000
<b>FIXED ASSETS</b>			
Tangible assets	9	25	6
<b>CURRENT ASSETS</b>			
Debtors	11	6,196	2,605
Cash at bank		1,319	3,234
		<u>7,515</u>	<u>5,839</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(1,563)</u>	<u>(2,643)</u>
<b>NET CURRENT ASSETS</b>		5,952	3,196
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,977</u>	<u>3,202</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	<u>(3,943)</u>	<u>(980)</u>
<b>NET ASSETS</b>		<u>2,034</u>	<u>2,222</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	-	-
Share premium account	15	5,536	3,886
Other reserves	15	28	65
Profit and loss account	15	<u>(3,530)</u>	<u>(1,729)</u>
<b>SHAREHOLDERS' FUNDS</b>	16	<u>2,034</u>	<u>2,222</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

30 March 2015

  
C Rieche  
Director


The notes on pages 10 to 23 form part of these financial statements.

**IWOCA LIMITED**  
**REGISTERED NUMBER: 7798925**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2014**

	Note	2014 £000	2013 £000
<b>FIXED ASSETS</b>			
Tangible assets	9	25	6
Investments	10	111	1
		<u>136</u>	<u>7</u>
<b>CURRENT ASSETS</b>			
Debtors	11	6,666	2,604
Cash at bank		1,138	3,233
		<u>7,804</u>	<u>5,837</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(295)</u>	<u>(2,642)</u>
<b>NET CURRENT ASSETS</b>		7,509	3,195
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,645</u>	<u>3,202</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	<u>(5,209)</u>	<u>(980)</u>
<b>NET ASSETS</b>		<u><u>2,436</u></u>	<u><u>2,222</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	-	-
Share premium account	15	5,536	3,886
Other reserves	15	28	65
Profit and loss account	15	<u>(3,128)</u>	<u>(1,729)</u>
<b>SHAREHOLDERS' FUNDS</b>	16	<u><u>2,436</u></u>	<u><u>2,222</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

  
**C Rieche**  
 Director

30 March 2015

The notes on pages 10 to 23 form part of these financial statements.

**IWOCA LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £000	2013 £000
Net cash flow from operating activities	17	(5,201)	(3,205)
Returns on investments and servicing of finance	18	(367)	(202)
Taxation		17	-
Capital expenditure and financial investment	18	(25)	-
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(5,576)</b>	<b>(3,407)</b>
Financing	18	3,658	5,636
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(1,918)</b>	<b>2,229</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 £000	2013 £000
(Decrease)/Increase in cash in the year	(1,918)	2,229
Cash inflow from increase in debt and lease financing	(3,508)	(3,160)
<b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>(5,426)</b>	<b>(931)</b>
Other non-cash changes	1,500	-
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(3,926)</b>	<b>(931)</b>
Net funds at 1 January 2014	74	1,005
<b>NET (DEBT)/FUNDS AT 31 DECEMBER 2014</b>	<b>(3,852)</b>	<b>74</b>

The notes on pages 10 to 23 form part of these financial statements.

## IWOCA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

##### 1.2 Going concern

Having reviewed the Group's cash resources at the year end, and, having considered future trading and funding requirements the Directors consider it appropriate to prepare these financial statements on a going concern basis.

In order to reach this conclusion the Directors have prepared cash flow forecasts and break even analysis for a period of more than 12 months from the date of the approval of these financial statements.

These forecasts and break even analysis take account of the Directors expectations of the most likely future trading scenarios, together with fixed and variable cost commitments (which can be scaled back according to the level of activity and planned growth rates), and the directors experience of past trading and other factors. The Directors have prepared forecasts for future periods which assume the continuation of current rapid rates of growth. For these growth rates to be achieved the group will continue to invest heavily in marketing, advertising and promotional costs and will require further rounds of debt and equity funding. The group is currently in the process of finalising a further round of funding which management consider will be sufficient to enable the group to continue to meet its growth targets. Should funding not be forthcoming management consider that the group has the ability to significantly reduce its cost base in such a manner so as to become profitable while maintaining the current levels of loan book and income.

Therefore the Directors consider it appropriate to prepare the group and company financial statements on the going concern basis.

##### 1.3 Basis of consolidation

The financial statements consolidate the accounts of iwoca Limited and all of its subsidiary undertakings ('subsidiaries'). A list of subsidiaries is given in Note 10.

The results of subsidiaries set up during the year are included from the date of set up.

##### 1.4 Turnover

Turnover comprises interest revenue recognised by the company in respect of short term loan finance provided in the year. Interest is recognised on an accruals basis when the company has a right to receive interest.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Trade debtors**

Trade debtors represent amounts due from customers of short term loans issued in the ordinary course of business.

Trade debtors are regularly reviewed for impairment losses and the need for provisions for such losses are considered. Where considered necessary management assess the level of provisioning required by reference to historical experience, and where necessary, market conditions and other factors.

Subsequent recovery of amounts previously impaired is credited to the profit and loss account.

**1.6 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	-	Over 3 years on a straightline basis
Office equipment	-	Over 3 years on a straightline basis

**1.7 Investments**

Investments in subsidiaries are valued at cost less provision for impairment.

**1.8 Operating leases**

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

**1.9 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

**1.10 Research and development**

Development costs incurred during the course of developing the company's software and systems are written off to the Profit and Loss Account in the period in which they are incurred.

## IWOCA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.11 Convertible debt

Loan instruments which include the right of the lender to convert the instrument to share capital comprise both liability and equity components. At issue date, the fair value of the liability component is estimated by discounting its future cash flows at an interest rate that would have been payable on a similar debt instrument without any equity conversion option. This liability component is accounted for as a financial liability.

The difference between the net issue proceeds and the liability component, at the time of issue, is the residual equity component, which is accounted for as an equity instrument. This is included as a reserve.

##### 1.12 Finance costs

Costs incurred in the arrangement of loan finance are capitalised in the balance sheet and charged to the profit and loss account over the period of the loan to which the costs relate on a straight line basis.

##### 1.13 Share based payments

The Company awards senior employees bonuses in the form of share options, from time to time, on a discretionary basis. The options can be subject to vesting conditions and, where it is considered likely that the conditions will be met, their fair value is recognised as an employee benefits expense with a corresponding increase to reserves.

#### 2. TURNOVER

The whole of the turnover is attributable to group's principal activity being the provision of flexible funding solutions to small businesses and ecommerce retailers.

A geographical analysis of turnover is as follows:

	2014 £000	2013 £000
United Kingdom	2,667	1,109
Rest of European Union	61	-
	<hr/>	<hr/>
	2,728	1,109
	<hr/>	<hr/>

# IWOCA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 3. OPERATING LOSS

The operating loss is stated after charging:

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the group	6	3
Operating lease rentals:		
- rental property leases	86	33
	<u>92</u>	<u>36</u>

### 4. AUDITORS' REMUNERATION

	2014 £000	2013 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	15	5
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	2	1
All other non-audit services not included above	16	-
	<u>33</u>	<u>6</u>

### 5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2014 £000	2013 £000
Wages and salaries	1,550	713
Social security costs	163	92
	<u>1,713</u>	<u>805</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
	35	15
	<u>35</u>	<u>15</u>

### 6. DIRECTORS' REMUNERATION

	2014 £000	2013 £000
Remuneration	235	218
	<u>235</u>	<u>218</u>



# IWOCA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

The highest paid director received remuneration of £115,000 (2013 - £109,000 ).

### 7. INTEREST PAYABLE

	2014 £000	2013 £000
On Other loans	242	202
On Secured Bonds	125	-
	<u>367</u>	<u>202</u>

### 8. TAXATION

	2014 £000	2013 £000
UK corporation tax (credit)/charge on loss for the year	(138)	-

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 20% (2013 - 20%). The differences are explained below:

	2014 £000	2013 £000
Loss on ordinary activities before tax	(1,939)	(1,375)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2013 - 20%)	(388)	(275)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	15	2
Capital allowances for year in excess of depreciation	(6)	4
Adjustments to tax charge in respect of prior periods	(17)	-
Research and development tax credit	(121)	-
Changes in provisions leading to an increase (decrease) in the tax charge	-	(7)
Unrelieved tax losses carried forward	379	276
<b>Current tax (credit)/charge for the year (see note above)</b>	<u>(138)</u>	<u>-</u>

#### Factors that may affect future tax charges

The company has tax losses of approximately £2,600,000 to carry forward against future profits.

## IWOCA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 9. TANGIBLE FIXED ASSETS

<b>Group and Company</b>	<b>Fixtures and fittings £000</b>	<b>Office equipment £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 January 2014	3	6	9
Additions	8	17	25
At 31 December 2014	11	23	34
<b>Depreciation</b>			
At 1 January 2014	1	2	3
Charge for the year	1	5	6
At 31 December 2014	2	7	9
<b>Net book value</b>			
At 31 December 2014	9	16	25
At 31 December 2013	2	4	6

## IWOCA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 10. FIXED ASSET INVESTMENTS

##### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
iwoca Oxygen PLC	Ordinary	100 %
iwoca Poland Sp. Zo.o.	Ordinary	100 %
iwoca Spain S.L.	Ordinary	100 %
iwoca Deutschland GmbH	Ordinary	100 %

iwoca Poland Sp Zo.o., iwoca Spain S.L. and iwoca Deutschland GmbH are the Polish, Spanish and German trading subsidiaries of iwoca Limited. iwoca Oxygen PLC provides finance to fellow group companies and is incorporated in the United Kingdom.

Company	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 January 2014	1
Additions	110
At 31 December 2014	111
<b>Net book value</b>	
At 31 December 2014	111
At 31 December 2013	1

# IWOCA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 11. DEBTORS

	<b>Group</b>		<b>Company</b>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade debtors	5,634	2,484	5,209	2,484
Amounts owed by subsidiary undertakings	-	-	896	-
Other debtors	353	111	353	111
Prepayments and accrued income	86	10	86	9
Tax recoverable	123	-	122	-
	<b>6,196</b>	<b>2,605</b>	<b>6,666</b>	<b>2,604</b>

### 12. CREDITORS:

#### Amounts falling due within one year

	<b>Group</b>		<b>Company</b>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loans and overdrafts	3	-	3	-
Other loans	1,225	2,180	-	2,180
Trade creditors	47	1	48	-
Amounts owed to subsidiary undertaking	41	-	-	-
Other taxation and social security	155	50	155	50
Other creditors	-	331	-	331
Accruals and deferred income	92	81	89	81
	<b>1,563</b>	<b>2,643</b>	<b>295</b>	<b>2,642</b>

Included in Group other loans due in less than one year is a total of £1,225,000 due under Series A Secured Bonds issued by the group. The bonds attract interest at a rate of 9% and are repayable in full one year after the date of issue.

The series A and B Secured Bonds are subject to a cross guarantee whereby iwoca Limited has unconditionally and irrevocably guaranteed payments due to Bondholders under the terms of the instrument.

# IWOCA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 13. CREDITORS:

Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Other loans	3,943	980	1,975	980
Amounts owed to group undertakings	-	-	3,234	-
	<u>3,943</u>	<u>980</u>	<u>5,209</u>	<u>980</u>

Included within the above are amounts falling due as follows:

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
<b>Between one and two years</b>				
Other loans	1,975	980	1,975	980
<b>Between two and five years</b>				
Other loans	1,968	-	-	-

Included within other loans due in between one and two years is a Convertible Loan note instrument. This loan may be convertible into Ordinary equity shares on or before 30 November 2016. Interest is charged at a rate of 9% to the date of conversion.

Also included within loans due between one and two years is a balance of £1m due to a shareholder. The loan is repayable in March 2016 and attracts interest at 18%.

Included within group amounts due between two and five years are balances due under Series B Secured Bonds issued by the group. The Secured bonds attract interest at a rate of 9% and are repayable in full five years following the date of issue. From the 1st anniversary of issue, Series B Secured bondholders have the right to demand repayment. The earliest that repayment may be made is 30 September 2015. As at the date of the approval of the financial statements no notice for early repayment has been received.

The series A and B Secured Bonds are subject to a cross guarantee whereby iwoca Limited has unconditionally and irrevocably guaranteed payments due to Bondholders under the terms of the instrument.

The Series A and B Bonds are recognised net of issue costs of £41,000.

### 14. SHARE CAPITAL

	2014	2013
	£000	£000
<b>Allotted, called up and fully paid</b>		
5,650 (2013 - 5,126) Ordinary shares of £0.001 each	<u>-</u>	<u>-</u>

## IWOCA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

#### 14. SHARE CAPITAL (continued)

During the year the convertible debt held at 31 December 2013 was converted into 496 Ordinary £0.001 shares.

In December 2014 a further 28 Ordinary £0.001 shares were issued for a total subscription of £150,000. The total premium over the nominal value of the shares issued less applicable issue costs has been transferred to the share premium account.

#### 15. RESERVES

Group	Share premium account £000	Other reserves £000	Profit and loss account £000
At 1 January 2014	3,886	65	(1,729)
Loss for the financial year	-	-	(1,801)
Premium on shares issued during the year	1,585	-	-
Redemption of convertible debt	65	-	-
Redemption of convertible debt	-	(65)	-
Share option charge	-	28	-
At 31 December 2014	5,536	28	(3,530)

Company	Share premium account £000	Other reserves £000	Profit and loss account £000
At 1 January 2014	3,886	65	(1,729)
Loss for the financial year	-	-	(1,399)
Premium on shares issued during the year	1,585	-	-
Redemption of convertible debt	65	-	-
Redemption of convertible debt	-	(65)	-
Share option charge	-	28	-
At 31 December 2014	5,536	28	(3,128)

# IWOCA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £000	2013 £000
<b>Group</b>		
Opening shareholders' funds	2,222	1,056
Loss for the financial year	(1,801)	(1,375)
Share premium on shares issued (net of expenses)	1,650	2,476
Redemption of convertible debt	(65)	65
Share option charge reserve movement	28	-
	<u>2,034</u>	<u>2,222</u>
Closing shareholders' funds	<u>2,034</u>	<u>2,222</u>
<b>Company</b>		
Opening shareholders' funds	2,222	1,056
Loss for the financial year	(1,399)	(1,375)
Share premium on shares issued (net of expenses)	1,650	2,476
Redemption of convertible debt	(65)	65
Share option charge	28	-
	<u>2,436</u>	<u>2,222</u>
Closing shareholders' funds	<u>2,436</u>	<u>2,222</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account.

The loss for the year dealt with in the accounts of the company was £1,399,000 (2013 - £1,375,000).

### 17. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £000	2013 £000
Operating loss	(1,572)	(1,173)
Depreciation of tangible fixed assets	6	3
Increase in debtors	(3,593)	(2,238)
(Decrease)/increase in creditors	(168)	138
Increase in amounts owed to group undertakings	41	-
Equity reserve element of convertible debt	(65)	65
Share Option charge	28	-
Tax credit	122	-
	<u>(5,201)</u>	<u>(3,205)</u>
<b>Net cash outflow from operating activities</b>	<u>(5,201)</u>	<u>(3,205)</u>

**IWOCA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2014 £000	2013 £000
<b>Returns on investments and servicing of finance</b>		
Interest paid	(367)	(202)
	<u>2014</u> <u>£000</u>	<u>2013</u> <u>£000</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(25)	-
	<u>2014</u> <u>£000</u>	<u>2013</u> <u>£000</u>
<b>Financing</b>		
Issue of ordinary shares	150	2,476
Other new loans	3,508	3,160
<b>Net cash inflow from financing</b>	<u>3,658</u>	<u>5,636</u>

**19. ANALYSIS OF CHANGES IN NET FUNDS**

	1 January 2014 £000	Cash flow £000	Other non-cash changes £000	31 December 2014 £000
Cash at bank and in hand	3,234	(1,915)	-	1,319
Bank overdraft	-	(3)	-	(3)
	<u>3,234</u>	<u>(1,918)</u>	<u>-</u>	<u>1,316</u>
<b>Debt:</b>				
Debts due within one year	(2,180)	(545)	1,500	(1,225)
Debts falling due after more than one year	(980)	(2,963)	-	(3,943)
<b>Net funds</b>	<u>74</u>	<u>(5,426)</u>	<u>1,500</u>	<u>(3,852)</u>



# IWOCA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 20. OPERATING LEASE COMMITMENTS

At 31 December 2014 the group had annual commitments under non-cancelable operating leases as follows:

	Land and buildings	
	2014	2013
Group	£000	£000
Expiry date:		
Between 2 and 5 years	170	-

At 31 December 2014 the company had annual commitments under non-cancelable operating leases as follows:

	Land and buildings	
	2014	2013
Company	£000	£000
Expiry date:		
Between 2 and 5 years	170	-

### 21. SHARE OPTIONS

Share options are fair valued using the Black-Scholes option pricing model. The risk free rate was 1%. The expected volatility is based on historical volatility over the last two years and is estimated to be 65%. The average share price during the year was £3,202. During the year the Company had the following share options in issue:

At 1 January 2014	Number of options		At 31 December 2014	Exercise price (£)	Exercise date
	Granted	Cancelled			
17	-	-	17	1,187.65	to 31/12/2016
	39	-	39	3,024.19	31/03/2015 to 31/03/2017
	12	-	12	6,225.54	15/12/2015 to 15/12/2017
17	51	-	68		

## IWOCA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 22. RELATED PARTY TRANSACTIONS

Included in other loans is a balance of £ nil (2013: £50,000) due to J Dear, a director. Interest accrued at 13.5% on loan. In the year to 31 December 2014 interest of £1,346 (2013: £1,125) was charged on the outstanding balance.

Also included in the other loans within Note 8 is a balance of £ nil (2013: £200,000) due from G Rieche, a close member of the family of a director. The loan accrued interest at 13.5%.

Included in the Secured Bond liability is a balance of £150,000 due to a close family member of J Dear. Interest of £6,621 was paid on the facility.

Included in the Secured Bond liability is a balance of £600,000 due to entity controlled by a close family member of C Rieche. Interest of £26,926 was paid on the facility.

Advantage has been taken of exemptions under FRS 8 not to disclose transactions between wholly owned fellow subsidiary companies of the iwoca Limited group.

#### 23. POST BALANCE SHEET EVENTS

Subsequent to the year end the company issued Ordinary shares for total consideration of £150,000 and received further funding of over £1.5m through the Secured Bond facility.

#### 24. CONTROLLING PARTY

The directors do not consider there to be one ultimate controlling party.