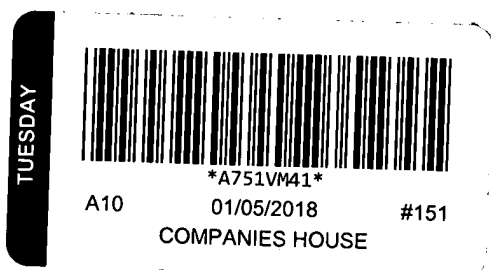


# **Alterium Limited**

**Filleted Accounts**  
**Registered number 08621989**  
**31 July 2017**



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# Consolidated Balance Sheet

At 31 July 2017

	Note	2017 £	2017 £	2016 £	2016 £
<b>Fixed assets</b>					
Tangible assets	2		70,440		79,958
			<u>70,440</u>		<u>79,958</u>
<b>Current assets</b>					
Debtors	5	19,829,739		12,221,749	
Cash at bank and in hand		1,244,505		1,339,817	
		<u>21,074,244</u>		<u>13,561,567</u>	
<b>Creditors: amounts falling due within one year</b>	6	(841,660)		(8,535,060)	
		<u></u>		<u></u>	
<b>Net current assets</b>			20,232,584		5,026,507
<b>Total assets less current liabilities</b>			20,303,024		5,106,465
<b>Creditors: amounts falling due after more than one year</b>	7		(19,081,866)		(2,029,640)
			<u></u>		<u></u>
<b>Net assets</b>			1,221,158		3,076,825
			<u></u>		<u></u>
<b>Capital and reserves</b>					
Called up share capital	8		792,724		792,724
Share premium account	9		5,674,978		5,674,978
Profit and loss account	9		(5,246,544)		(3,390,877)
			<u></u>		<u></u>
<b>Equity</b>			1,221,158		3,076,825
			<u></u>		<u></u>

The Company has delivered a copy of this Balance Sheet and the Company Balance Sheet to the Registrar of Companies in accordance with section 441(1) of the Companies Act 2006.

The profit and loss account and directors' report have not been delivered to the Registrar of Companies in accordance with the special provisions applicable to companies subject to the small companies regime.

These financial statements are prepared in accordance with the special provisions in part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved by the board of directors on 08/02/2018 and were signed on its behalf by:

  
Mr Peter Tuvey  
Director

Company registered number: 08621989

The accompanying notes on pages 5 to 13 form an integral part of the financial statements.

## Company Balance Sheet

At 31 July 2017

	Note	2017 £	2017 £	2016 £	2016 £
<b>Fixed assets</b>					
Tangible assets	2		-		5,208
Investments	3		5		4
			<hr/>		<hr/>
			5		5,212
<b>Current assets</b>					
Debtors	5	5,115,394		13,859,476	
Cash at bank and in hand		1,197		1,524	
		<hr/>		<hr/>	
		5,116,591		13,861,000	
<b>Creditors: amounts falling due within one year</b>	6	(201,088)		(8,133,661)	
		<hr/>		<hr/>	
<b>Net current assets</b>			4,915,503		5,727,339
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			4,915,508		5,732,551
<b>Creditors: amounts falling due after more than one year</b>	7		(4,368,886)		(1,974,670)
			<hr/>		<hr/>
<b>Net assets</b>			546,622		3,757,881
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	8		792,724		792,724
Share premium account	9		5,674,978		5,674,978
Profit and loss account	9		(5,921,080)		(2,709,821)
			<hr/>		<hr/>
<b>Equity</b>			546,622		3,757,881
			<hr/>		<hr/>

The Company has delivered a copy of this Balance Sheet and the Consolidated Balance Sheet to the Registrar of Companies in accordance with section 441(1) of the Companies Act 2006.

The profit and loss account and directors' report have not been delivered to the Registrar of Companies in accordance with the special provisions applicable to companies subject to the small companies regime.

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These financial statements were approved by the board of directors on 08/02/2018 and were signed on its behalf by:

  
Mr Peter Tuvey  
Director

Company registered number: 08621989

The accompanying notes on pages 5 to 13 form an integral part of the financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### ***Basis of preparation***

Alterium Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements for the year ended 31 July 2017 are the first financial statements that comply with FRS 102 Section 1A small entities. The date of transition is 1 August 2015. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 Section 1A small entities from the Financial Reporting Standard for Smaller Entities, the Group has made measurement and recognition adjustments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102 Section 1A small entities, the Group has not retrospectively changed its accounting under the Financial Reporting Standard for Smaller Entities for accounting estimates.

#### ***Going Concern***

Despite the loss making position of the group, the directors have prepared the financial statements on a going concern basis, which they believe to be appropriate for the reasons set out below.

There has been additional funding post year end, which is detailed in the post balance sheet events note and the directors are in advanced discussions with another lender to provide an additional credit line.

In addition to this a substantial portion of spending is discretionary and entirely within the control of the directors which allows the current book to be maintained at its current level without the need for additional funding.

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 July 2017. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

#### ***Investments***

In the Company financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost.

#### ***Tangible fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment and software	-	3 years
Office equipment	-	4 years

#### ***Measurement Convention***

The financial statements are prepared on the historical cost basis.

## **Notes (continued)**

### ***Impairment of fixed assets***

The carrying amount of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

### ***Taxation***

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by the UK Generally Accepted Accounting Practice applicable to Smaller Entities.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### ***Leases***

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

### ***Interest bearing borrowings***

Immediately after issue debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

### ***Turnover***

Turnover represents fees and interest receivable in respect of services provided and arising solely in the United Kingdom.

Interest income on loan receivables at amortised cost is calculated using the effective interest rate method which allocates interest over the expected lives of the assets. The effective interest method requires the Company to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of trade receivables. Default fees are charged to customers when they fail to make repayments within the agreed loan period, such fees are recognised as turnover when these amounts are expected to be recovered. Fees and expenses related to the loan form part of the interest income, and are recognised using the effective interest rate method.

### ***Loan receivables***

Loan receivables are amounts due from customers for short and medium term loans issued in the ordinary course of business. Loan receivables and other debtors are measured on initial recognition at fair value and subsequently at amortised cost using the effective interest rate method, less provision for impairment. Subsequent recovery of amounts previously impaired is credited to the profit and loss account.

### ***Cost of Borrowing***

Costs of borrowing are recognised within cost of sales.

### ***Share Based Payments***

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured based on using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The Company has taken the exemption to not account for share based payments prior to the start of adoption on FRS102 1A.

**Notes (continued)**

**2 Tangible fixed assets**

<b>Group</b>	<b>Computer equipment and software £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<i>Cost</i>			
At 31 July 2016	100,279	36,979	137,258
Additions	27,621	3,704	31,325
	<hr/>	<hr/>	<hr/>
At 31 July 2017	127,900	40,683	168,583
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 31 July 2016	(47,726)	(9,574)	(57,300)
Charge for year	(31,185)	(9,658)	(40,843)
	<hr/>	<hr/>	<hr/>
At 31 July 2017	(78,911)	(19,232)	(98,143)
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 July 2017	48,989	21,451	70,440
	<hr/>	<hr/>	<hr/>

<b>Company</b>	<b>Computer equipment and software £</b>	<b>Total £</b>
<i>Cost</i>		
At 31 July 2016	37,500	37,500
Additions	-	-
	<hr/>	<hr/>
At 31 July 2017	37,500	37,500
	<hr/>	<hr/>
<i>Depreciation</i>		
At 31 July 2016	(32,292)	(32,292)
Charge for year	(5,208)	(5,208)
	<hr/>	<hr/>
At 31 July 2017	(37,500)	(37,500)
	<hr/>	<hr/>
<i>Net book value</i>		
At 31 July 2017	-	-
	<hr/>	<hr/>

**Notes** *(continued)*

**3 Investments**

<b>Company</b>	<b>Investments in subsidiaries £</b>	<b>Total £</b>
<i>Cost</i>		
At 31 July 2016	4	4
Additions	1	1
Disposals	-	-
At 31 July 2017	<u>5</u>	<u>5</u>
<i>Net book value</i>		
At 31 July 2017	<u>5</u>	<u>5</u>

The investment in the year related to the purchase of one ordinary share in Fleximize Technology Services Ltd.

**4 Payroll costs**

The average number of persons (including directors) employed by the Group during the year was 38 (2016: 30).



**Notes (continued)**

The principal undertakings in which the Company's interest at the period end is more than 20% are as follows. All of the following companies are included within these consolidated accounts.

**Subsidiary undertakings**

Company name	Registered address	Country of incorporation	Registered number	Principal activity	Class and percentage of shares held	Amount of capital and reserves £	Profit/(loss) for the period £
Fleximize Limited	Holbrook House, 51 John Street, Ipswich, Suffolk, IP3 0AH	England and Wales	07117447	Offer an innovative online financing solution dedicated to supporting small and medium sized businesses across the UK	100% of ordinary shares	2,251,020	1,572,898
Fleximize Services Limited	Holbrook House, 51 John Street, Ipswich, Suffolk, IP3 0AH	England and Wales	08871283	Provides operational and administrative support to companies within the group	100% of ordinary shares	(4,282,950)	(2,132,030)
Fleximize Capital Limited	Holbrook House, 51 John Street, Ipswich, Suffolk, IP3 0AH	England and Wales	09485920	Offer an innovative online financing solution dedicated to supporting small and medium sized businesses across the UK	100% of ordinary shares	555,256	555,255
Flexicard Limited	Holbrook House, 51 John Street, Ipswich, Suffolk, IP3 0AH	England and Wales	10223497	Dormant company	100% of ordinary shares	1	-
Fleximize Technology	Holbrook House, 51 John Street, Ipswich, Suffolk, IP3 0AH	England and Wales	10381710	Dormant company	100% of ordinary shares	1	-

## Notes (continued)

### 5 Debtors

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Loan receivables	19,143,376	-	11,808,932	-
Amounts owed from subsidiaries	-	5,111,530	-	13,855,431
Other debtors	8,732	-	8,432	-
Prepayments and accrued income	677,631	3,864	404,385	4,045
	<u>19,829,739</u>	<u>5,115,394</u>	<u>12,221,749</u>	<u>13,859,476</u>

Of the above Loan receivables amount, £5,885,308 (2016: £2,171,587) is due after more than one year.

### 6 Creditors: amounts falling due within one year

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Trade creditors	109,846	366	167,522	61,202
Social security and other taxes	40,491	5,453	35,339	8,316
Auto-enrolment pension	59	59	-	-
Accruals and deferred income	293,883	195,210	265,865	247,946
Other loans	-	-	7,816,197	7,816,197
Deferred income	397,381	-	250,137	-
	<u>841,660</u>	<u>201,088</u>	<u>8,535,060</u>	<u>8,133,661</u>

### 7 Creditors: amounts falling due after more than one year

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Other loans	18,579,925	4,029,925	1,663,727	1,663,727
Preference shares classed as financial liability	338,959	338,959	310,912	310,912
Amounts owed to subsidiary	-	2	-	31
Deferred income	162,982	-	55,001	-
	<u>19,081,866</u>	<u>4,368,886</u>	<u>2,029,640</u>	<u>1,974,670</u>

Security is provided for £18,579,925 of the above by way of a fixed and floating charge over the company and some of its subsidiaries.

The balance is comprised of £14,550,000 drawn from HWSIL Finance Co Limited, who have a fixed charge and floating charge over Fleximize Capital Ltd and its loan book. The total facility being £16,300,000. The remaining £4,029,925 relates to junior debt holdings.

**Notes (continued)**

**8 Called up share capital**

**Company**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<i>Allotted, called up and fully paid</i>		
792,724 (2016: 792,724) Ordinary shares of £1 each	<b>792,724</b>	<b>792,724</b>
	<u><u>          </u></u>	<u><u>          </u></u>

**9 Share premium and reserves**

**Group**

	<b>Share premium account £</b>	<b>Profit and loss account £</b>
At 31 July 2016	5,674,978	(3,390,878)
Loss for the period	-	(1,855,666)
	<u>          </u>	<u>          </u>
At 31 July 2017	<b>5,674,978</b>	<b>(5,246,544)</b>
	<u><u>          </u></u>	<u><u>          </u></u>

**Company**

	<b>Share premium account £</b>	<b>Profit and loss account £</b>
At 31 July 2016	5,674,978	(2,709,821)
Loss for the period	-	(3,211,259)
	<u>          </u>	<u>          </u>
At 31 July 2017	<b>5,674,978</b>	<b>(5,921,080)</b>
	<u><u>          </u></u>	<u><u>          </u></u>

## Notes (continued)

### 10 Related party disclosures

#### Group and Company

With regards to loans made to the company, included within creditors amounts falling due within one year as at 31 July 2017, the following amounts were owed to:

		2017 £	2016 £
Westquay Investments Sarl	Shareholder	-	1,436,689
BG Finance	Shareholder	-	2,750,000
Igor Rusanov	Shareholder	-	1,000,000
Adinal McGregor Ltd	Shareholder	-	1,329,508
Mr A Knight	Shareholder	-	1,300,000

Interest is accrued at the below rates which has been accrued but not yet paid, the following amounts are included in accruals at 31 July 2017:

			2017 £	2016 £
Westquay Investments Sarl	Shareholder	10% per annum	-	90,596
BG Finance	Shareholder	9% per annum	-	10,356
BG Finance	Shareholder	12.5% per annum	-	6,164
Igor Rusanov	Shareholder	12.5% per annum	-	45,205
Adinal McGregor Ltd	Shareholder	12.5% per annum	-	8,385
Mr A Knight	Shareholder	12.5% per annum	-	7,979

With regards to loans made to the company, included within creditors amounts falling due after more than one year as at 31 July 2017, the following amounts were owed to:

			2017 £	2016 £
Mr A Knight	Shareholder		-	163,727
Stichting Securities	Shareholder		-	1,500,000
Adinal McGregor	Shareholder		500,000	-
Mr A Knight	Shareholder		1,000,000	-
Mr M Chmyshuk	Shareholder		1,129,925	-
Westquay Investments Sarl	Shareholder		400,000	-
Mr I Rusanov	Shareholder		1,000,000	-

Interest is accrued at the below rates which has been accrued but not yet paid, the following amounts are included in accruals at 31 July 2017:

			2017 £	2016 £
Mr A Knight	Shareholder	9% per annum	-	31,297
Stichting Securities	Shareholder	10.5% per annum	-	3,452
Adinal McGregor	Shareholder	18% per annum	21,699	-
Mr A Knight	Shareholder	18% per annum	43,397	-
Mr M Chmyshuk	Shareholder	18% per annum	49,036	-
Westquay Investments Sarl	Shareholder	18% per annum	17,359	-
Mr I Rusanov	Shareholder	18% per annum	43,397	-

During the year, all shareholder senior debt was repaid and at the same point shareholder junior debt was issued.

#### Group

During the year a group company incurred expenses amounting to £83,244 (2016: £49,200) with Logical Glue Limited and £60,467 (2016: £9,467) with Archie Property Limited, a company in which Mr D McPherson, a shareholder of Alterium Limited, is a director and shareholder.

The amounts included in creditors at the year end were £nil (2016: £nil).

## **Notes (continued)**

### **11 Post Balance Sheet Events**

#### **Group and Company**

On 25 September 2017 it was agreed that the Hadrian's Wall senior facility be extended by £3m and on 7 December 2017 the facility was extended again by a further £2m. Of the extended facility, £2.25m has been drawn.

Due to the recent increase in base interest rate, we are satisfied that the impact on the business will be minimal. Any changes in interest rates is unlikely to have an impact due to our high margin and that our funding is at a fixed rate.

### **12 Explanation of transition to FRS102 1A from FRSSE**

As stated in note 1, these are the first financial statements prepared in accordance with FRS102 1A. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 July 2017 and the comparative information presented in these financial statements for the year ended 31 July 2016.

Income and costs that were recognised separately on inception of a loan under the previous accounting framework are now included in interest income, and recognised using the effective interest rate method. This change resulted in a reduction in the year ended 31 July 2017 of £560,000 to both revenue and expenses (2016: £305,000). It had no impact on net profit in the period, or net assets as at 31 July 2016 or 2017.

### **13 Auditors**

The financial statements for the year ended 31 July 2017 were audited by KPMG LLP with Peter Lomax signing the audit report as the senior statutory auditor. The audit report was issued on 31 January 2018. The report of the auditor was both unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report.