

**Borro US Intermediate Limited**

Report and Financial Statements

Year Ended

31 December 2017

Company Number 08694612

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## **Report and financial statements for the year ended 31 December 2017**

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### **Directors**

P Aitken (Resigned 21 June 2017)  
V Modgill (Resigned 31 July 2017)  
J R Allbrook (Appointed 31 July 2017)  
C Hillier (Appointed 31 July 2017)

### **Secretary and registered office**

G Bielfeldt (Appointed 30 April 2018)  
EMW Secretaries Limited (Resigned 30 April 2018)

Chancery House, 53 – 64 Chancery Lane, London, WC2A 1QU

### **Company number**

08694612

### **Independent Auditors**

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH

## **Report of the directors for the year ended 31 December 2017**

The directors present their report together with the audited financial statements for the year ended 31 December 2017.

### **Principal activity**

The Company was non-trading during the current and prior year.

### **Results and dividends**

The profit and loss account is set out on page 9 and shows the result for the year.

The directors do not recommend the payment of a dividend (2016: £nil).

### **Directors**

The directors of the Company throughout the year unless stated below were:

P Aitken (Resigned 21 June 2017)  
V Modgill (Resigned 31 July 2017)  
J R Allbrook (Appointed 31 July 2017)  
C Hillier (Appointed 31 July 2017)

### **Directors' indemnities**

The parent Company has made qualifying third party indemnity provisions for the benefit of the directors and senior management of the Group which were made in the year and remain in force at the date of this report.

### **Directors' Responsibilities Statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## **Report of the directors for the year ended 31 December 2017 (continued)**

### **Directors' Responsibilities Statement (continued)**

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 enable him 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.

### **Disclosure of information to auditors**

In the case of each director in office at the date the Report of the directors is approved:

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

### **Independent Auditors**

PricewaterhouseCoopers LLP were appointed as auditors during the year. PricewaterhouseCoopers LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditor will be proposed at the next annual general meeting.

### **Small companies' exemption**

In preparing this Report of the directors, advantage has been taken of the small companies' exemption. Additionally, no strategic report has been prepared under this exemption.

### **Going Concern**

The Company meets its day to day working capital requirements through the US priority term note facility (in USD) and the US priority term note facility (in GBP) provided jointly to the Company and other companies in the Borro Holdings Limited group (the 'Group'), and cash proceeds from interest received and redemptions on loans provided to customers. Following the pre-pack administration process, with effect from November 2017, Victory Park Capital, are both the lenders and equity holders of the group.

As at 31 December 2017, the Group had the following facilities -

- (i) Senior Secured US Term Notes of £40,000,000 and \$30,000,000 and Senior Secured UK Term Notes of \$10,000,000 and Senior Secured UK Convertible Term Notes of \$2,000,000; and
- (ii) £5.0m and \$3.5m facilities provided on 22 December 2017 and repayable on 21 December 2020. A total of £44.45m was drawn down from these £78.67m facilities at 31 December 2017. The facility is due for repayment in 21 December 2020 and the lenders have waived the right to interest payments until such time as the business becomes cash flow positive. During 2017 the Borro Holdings Limited group has continued to incur operating losses and a net operating cash outflow. The Group benefits from a supportive lender and equity holder following the pre-pack administration in November 2017.

**Report of the directors for the year ended 31 December 2017 (continued)**

**Going Concern (continued)**

In assessing the Group's ability to continue as a going concern, the Board has reviewed the Group's cashflow, profit forecasts and undrawn committed funding under the facilities outlined above. Failure to achieve the Group's forecast cashflow for the period to November 2019 may result in the need for further funding for the Group and the company. As at the date of approval of the financial statements the Company has received verbal indication from the equity holders and lenders, Victory Park Capital, will make available additional funding if required to enable the Group and company to meet the liabilities as they fall due for a period of at least 12 months from the date of the financial statements.

These financial statements do not include any adjustments to the carrying amounts of assets and liabilities, reported amounts of income and expenses, and balance sheet classifications used, that could arise in the event that, if required, further funding is not provided. The conditions surrounding the facilities indicate the existence of a material uncertainty, which may cast significant doubt as to the Group and Company's future ability to continue as a going concern.

However, the Directors believe that the Company will be able to continue meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements and therefore have prepared these financial statements on a going concern basis. In making this judgment, the Directors have considered the facts available to date and indication has been received from the equity holders and lenders, Victory Park Capital, will make available additional funding if required to enable the Group and company to meet the liabilities as they fall due for a period of at least 12 months from the date of the financial statements.

**On behalf of the Board**



J R Allbrook  
Director

6<sup>TH</sup> NOVEMBER 2018

## **Independent auditors' report to the members of Borro US Intermediate Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Borro US Intermediate Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Material uncertainty relating to going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The loan facilities available to the Borro Holdings Limited group ('the Group'), and therefore the Company, may not be sufficient to allow the Group and Company to meet their liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements and as a result further funding from the equity holders and lenders, Victory Park Capital, may be required. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

## **Independent auditors' report to the members of Borro US Intermediate Limited (continued)**

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Report of the directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Report of the directors*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the directors for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the directors.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 3 and 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

## **Independent auditors' report to the members of Borro US Intermediate Limited (continued)**

### *Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### *Companies Act 2006 exception reporting*

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

#### *Entitlement to exemptions*

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

#### *Other Matter*

The financial statements for the year ended 31 December 2016, forming the corresponding figures of the financial statements for the year ended 31 December 2017 are unaudited.



Simon O'Brien (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

6 November

2018



**Profit and loss account  
for the year ended 31 December 2017**

|  | <b>Note</b> | <b>2017<br/>£</b> | <b>2016<br/>£</b> |
|--|-------------|-------------------|-------------------|
| Administrative expenses  |             | <b>(782)</b>      | -                 |
|  |             | <hr/>             | <hr/>             |
| Operating (loss) / result  | <b>4</b>    | <b>(782)</b>      | -                 |
|  |             | <hr/>             | <hr/>             |
| (Loss) / result before taxation for the financial year attributable to members of the parent company |             | <b>(782)</b>      | -                 |
| Tax on (loss) / result   | <b>5</b>    | -                 | -                 |
|  |             | <hr/>             | <hr/>             |
| (Loss) / result for the financial year attributable to members of the parent Company                 |             | <b>(782)</b>      | -                 |
|  |             | <hr/>             | <hr/>             |

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account in the current and prior years.

The notes on pages 12 to 17 form part of these financial statements.

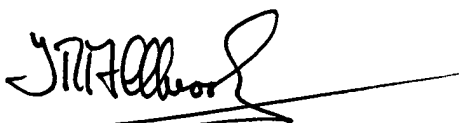
# Balance sheet as at 31 December 2017

|   | Note | 2017<br>£ | 2016<br>£ |
|---|------|-----------|-----------|
| <b>Current assets</b>                                 |      |           |           |
| Debtors   | 6    | -         | -         |
| Cash at bank and in hand                              |      | -         | 1         |
|   |      | <hr/>     | <hr/>     |
|   |      | -         | 1         |
| <b>Creditors: amounts falling due within one year</b> | 7    | (781)     | -         |
|   |      | <hr/>     | <hr/>     |
| <b>Net current (liabilities) / assets</b>             |      | (781)     | 1         |
|   |      | <hr/>     | <hr/>     |
| <b>Net (liabilities) / assets</b>                     |      | (781)     | 1         |
|   |      | <hr/>     | <hr/>     |
| <b>Capital and reserves</b>                           |      |           |           |
| Called up share capital                               | 8    | 1         | 1         |
| Accumulated losses                                    |      | (782)     | -         |
|   |      | <hr/>     | <hr/>     |
| <b>Total Equity</b>                                   |      | (781)     | 1         |
|   |      | <hr/>     | <hr/>     |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS102 Section 1A – small entities.

The financial statements were approved by the Board of Directors and authorised for issue on date

6<sup>TH</sup> NOVEMBER 2018.



J R Allbrook  
Director

6<sup>TH</sup> NOVEMBER 2018

The notes on pages 12 to 17 form part of these financial statements.

**Statement of changes in equity for the year ended 31 December 2017**

|  | <b>Accumulated<br/>losses<br/>£</b> | <b>Called up<br/>Share capital<br/>£</b> | <b>Total equity<br/>£</b> |
|--|-------------------------------------|--|---------------------------|
| At 1 January 2017                                  | -                                   | 1  | 1                         |
| <b>Comprehensive income/(expense) for the year</b> |                                     |  |                           |
| Loss for the year                                  | (782)                               | -  | (782)                     |
|  | <hr/>                               | <hr/>                                    | <hr/>                     |
| <b>At 31 December 2017</b>                         | <b>(782)</b>                        | <b>1</b>                                 | <b>(781)</b>              |
|  | <hr/>                               | <hr/>                                    | <hr/>                     |

**Statement of changes in equity for the year ended 31 December 2016**

|  | <b>Accumulated<br/>losses<br/>£</b> | <b>Called up<br/>Share capital<br/>£</b> | <b>Total equity<br/>£</b> |
|--|-------------------------------------|--|---------------------------|
| At 1 January 2016                        | -                                   | 1  | 1                         |
| <b>Comprehensive income for the year</b> |                                     |  |                           |
| Result for the year                      | -                                   | -  | -                         |
|  | <hr/>                               | <hr/>                                    | <hr/>                     |
| <b>At 31 December 2016</b>               | <b>-</b>                            | <b>1</b>                                 | <b>1</b>                  |
|  | <hr/>                               | <hr/>                                    | <hr/>                     |

The notes on pages 12 to 17 form part of these financial statements.

## 1 Accounting policies

### *Basis of preparation of financial statements*

Borro US Intermediate Limited is a Company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on the contents page. The principal activity of the Company is set out on page 3.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, and the Companies act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

### *Financial reporting standard 102 – reduced disclosure exemptions*

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 for qualifying entities:

- Section 3 Financial Statement Presentation paragraph 3.17(d) and Section 7 Statement of Cash Flows not to prepare a statement of cash flows;
- Section 4 Statement of Financial Position paragraph 4.12(a)(iv) not to prepare a reconciliation of the number of shares outstanding at the beginning and end of the year; and
- Section 11 Basic Financial Instruments paragraph 11.41(b) and 11.41(e) not to disclose the carrying amounts of financial assets that are debt instruments measured at amortised costs and financial liabilities measured at amortised cost.
- Section 33 Related Party transactions paragraph 33.1(a) not to disclose the transactions between two or members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

### *Going Concern*

The Company meets its day to day working capital requirements through the US priority term note facility (in USD) and the US priority term note facility (in GBP) provided jointly to the Company and other companies in the Borro Holdings Limited group (the 'Group'), and cash proceeds from interest received and redemptions on loans provided to customers. Following the pre-pack administration process, with effect from November 2017, Victory Park Capital, are both the lenders and equity holders of the group.

As at 31 December 2017, the Group had the following facilities -

- (i) Senior Secured US Term Notes of £40,000,000 and \$30,000,000 and Senior Secured UK Term Notes of \$10,000,000 and Senior Secured UK Convertible Term Notes of \$2,000,000; and
- (ii) £5.0m and \$3.5m facilities provided on 22 December 2017 and repayable on 21 December 2020

A total of £44.45m was drawn down from these £78.67 facilities at 31 December 2017. The facility is due for repayment in 21 December 2020 and the lenders have waived the right to interest payments until such time as the business becomes cash flow positive. During 2017 the Borro Holdings Limited group has continued to incur operating losses and a net operating cash outflow. The Group benefits from a supportive lender and equity holder following the pre-pack administration in November 2017.

**Notes forming part of the financial statements for the year ended 31 December 2017 (continued)**

**1 Accounting policies (continued)**

*Going Concern (continued)*

In assessing the Group's ability to continue as a going concern, the Board has reviewed the Group's cashflow, profit forecasts and undrawn committed funding under the facilities outlined above. Failure to achieve the Group's forecast cashflow for the period to November 2019 may result in the need for further funding for the Group and the company. As at the date of approval of the financial statements the Company has received verbal indication from the equity holders and lenders, Victory Park Capital, will make available additional funding if required to enable the Group and company to meet the liabilities as they fall due for a period of at least 12 months from the date of the financial statements.

These financial statements do not include any adjustments to the carrying amounts of assets and liabilities, reported amounts of income and expenses, and balance sheet classifications used, that could arise in the event that, if required, further funding is not provided. The conditions surrounding the facilities indicate the existence of a material uncertainty, which may cast significant doubt as to the Group and Company's future ability to continue as a going concern

However, the Directors believe that the Company will be able to continue meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements and therefore have prepared these financial statements on a going concern basis. In making this judgment, the Directors have considered the facts available to date and indication has been received from the equity holders and lenders, Victory Park Capital, will make available additional funding if required to enable the Group and company to meet the liabilities as they fall due for a period of at least 12 months from the date of the financial statements.

*Financial instruments*

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

*Provisions and liabilities*

Provisions are recognised when the Company has a current legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Notes forming part of the financial statements for the year ended 31 December 2017 (continued)**

**1 Accounting policies (continued)**

*Foreign currency*

The financial statements are presented in British Pounds Sterling, the Company's presentational currency.

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss accounts.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

*Taxation*

**Corporation taxes**

Corporation taxes have been provided for in the financial statements in accordance with the tax legislation enacted or substantively enacted by the balance sheet date in the jurisdictions in which the Company operates. Taxable loss differs from loss as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or tax deductible.

The corporation tax charge comprises current and deferred taxes and is recognised in the profit and loss account. Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods.

Current tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the current tax is dealt with in equity.

**Deferred taxes**

Deferred tax is generally accounted for on all timing differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax is recognised in respect of timing differences that have originated but not reversed at 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 taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore 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. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is dealt with in equity. Deferred tax is measured on a non-discounted basis.

Taxes, such as non-recoverable value added taxes are recorded within operating expenses.

**Notes forming part of the financial statements for the year ended 31 December 2017 (continued)**

**2 Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company's directors are of the opinion that there are no judgements and no key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying value of assets or liabilities for the Company within the next financial year.

**3 Directors' remuneration and employees**

During the year, no director received any remuneration (2016: £nil) from this Company. The directors receive remuneration from Borro Limited for their services to all Group companies. It is not considered practical or possible to accurately apportion these costs to each entity in the Group. Given the relative size of the respective Group entities the effect of not apportioning these costs for disclosure purposes is not considered to be material.

During the year there were no employees (2016: none) and employee costs were £nil (2016: £nil).

**4 Operating (loss)/result**

|                                    | 2017<br>£         | 2016<br>£         |
|------------------------------------|-------------------|-------------------|
| This is arrived at after charging: |                   |                   |
| Bank fees                          | 782               | -                 |
|                                    | <u>          </u> | <u>          </u> |

Auditors' remuneration has been borne by Borro Limited in the current and prior year.

**5 Tax on (loss) / result**

|                           |                   |                   |
|---------------------------|-------------------|-------------------|
| <i>UK corporation tax</i> | 2017<br>£         | 2016<br>£         |
| Current tax:              |                   |                   |
| Total current tax         | -                 | -                 |
| Deferred tax:             |                   |                   |
| Total deferred tax        | -                 | -                 |
|                           | <u>          </u> | <u>          </u> |
| Tax on loss               | -                 | -                 |
|                           | <u>          </u> | <u>          </u> |

**Notes forming part of the financial statements for the year ended 31 December 2017 (continued)**

**5 Tax on (loss) / result (continued)**

The tax assessed for the year is higher (2016: the same ) than the standard rate of corporation tax in the UK. The differences are explained below.

|  | 2017<br>£ | 2016<br>£ |
|--|-----------|-----------|
| Loss on ordinary activities before taxation  | (782)     | -         |
| Tax on loss on ordinary activities before taxation at the standard rate of corporation tax in the UK of 19.25% (2016 – 20%). | (151)     | -         |
| Non-deductible expenses / non-taxable income   | -         | -         |
| Deferred Tax not recognised  | 151       | -         |
| Total tax charge for year  | -         | -         |

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

**6 Debtors**

|                                    | 2017<br>£ | 2016<br>£ |
|------------------------------------|-----------|-----------|
| Amounts owed by Group undertakings | -         | -         |
|                                    | -         | -         |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

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

|                                    | 2017<br>£ | 2016<br>£ |
|------------------------------------|-----------|-----------|
| Bank overdrafts                    | 153       | -         |
| Amounts owed to Group undertakings | 628       | -         |
|                                    | 781       | -         |

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.



Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

**8 Share capital**

|                            | Allotted, called up and fully paid shares |                |           |           |
|----------------------------|---|----------------|-----------|-----------|
|                            | 2017<br>Number                            | 2016<br>Number | 2017<br>£ | 2016<br>£ |
| Ordinary shares of £1 each | 1   | 1              | 1         | 1         |

**9 Investments**

Details of Borro US Intermediate Limited's investments are as follows:

| Undertaking                            | Holding      | Proportion of<br>voting rights<br>and shares held | Principal activity     |
|--|--------------|---|------------------------|
| <i>Subsidiary undertakings</i>         |              |   |                        |
| Borro L1 Inc, United States of America | Common stock | 100%  | Personal asset lending |
| BL2 Inc, United States of America      | Common stock | 100%  | Personal asset lending |

All USA subsidiaries have issued common stock of \$0.001.

**10 Ultimate controlling party**

The Company's immediate parent undertaking is Borro Inc and the ultimate parent Company is Victory Park Capital. The largest and smallest Group into which these accounts consolidate is Borro Limited. The consolidated financial statements are available from the registered office of the company, Chancery House, Chancery Lane, London, WC2A 1QU.

During the year the company Borro Group Holdings Limited (previously the ultimate parent company) entered administration. The remaining undertakings were acquired by a new company Borro Holdings Limited. Borro Holdings Limited is owned by Victoria Park Capital who are an alternative lending funder based in Chicago, USA.