

Registered number: 09095835

CROWDCUBE CAPITAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019



CROWDCUBE CAPITAL LIMITED

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CROWDCUBE CAPITAL LIMITED

COMPANY INFORMATION

Directors

L J Lang
D M Westlake

Registered number

09095835

Registered office

Fourth Floor
Broadwalk House (South Block)
Exeter
Devon
EX1 1TS

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol
BS2 0FR

CROWDCUBE CAPITAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present their annual report and the audited financial statements of CrowdCube Capital Limited (the "Company") for the year ended 30 September 2019.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

L J Lang
D M Westlake

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", 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;
- make judgements and accounting estimates that are reasonable and prudent;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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.

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 them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors

In the case of each director in the office at the date the Directors' Report 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 been 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

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

CROWDCUBE CAPITAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 not to provide a Strategic Report.

This report was approved by the board and signed on its behalf by:



D M Westlake
Director

Date: 22/01/2020

Report on the audit of the financial statements

Opinion

In our opinion, Crowdcube Capital Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its result 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 Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 September 2019; the statement of comprehensive income, 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.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWDCUBE CAPITAL LIMITED
(CONTINUED)**

With respect to the Directors' Report, 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 September 2019 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 Directors' Report.

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 2, 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.

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. 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.

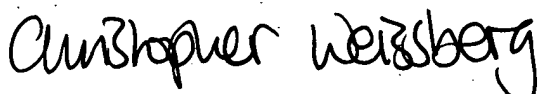
We have no exceptions to report arising from this responsibility.

CROWDCUBE CAPITAL LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWDCUBE CAPITAL LIMITED
(CONTINUED)**

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 in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Christopher Weissberg (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
22 January 2020

CROWDCUBE CAPITAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	2019	2018
	£	£
Turnover	7,208,088	4,865,893
Administrative expenses	(7,208,088)	(4,865,893)
Result before taxation	-	-
Tax on result	-	-
Result for the financial year	-	-
Total comprehensive result for the financial year	-	-

The notes on pages 10 to 13 form part of these financial statements.

CROWDCUBE CAPITAL LIMITED
REGISTERED NUMBER: 09095835

BALANCE SHEET
AS AT 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Current assets			
Debtors	5	614,619	435,940
Cash at bank and in hand		2,032,169	1,830,000
		<u>2,646,788</u>	<u>2,265,940</u>
Creditors: amounts falling due within one year	6	(817,007)	(436,159)
Net current assets		<u>1,829,781</u>	<u>1,829,781</u>
Total assets less current liabilities		<u>1,829,781</u>	<u>1,829,781</u>
Capital and reserves			
Called up share capital		1,830,000	1,830,000
Profit and loss account		(219)	(219)
Total shareholders' funds		<u>1,829,781</u>	<u>1,829,781</u>

The 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 FRS 102 Section 1A - small entities.

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



D M Westlake
Director

Date: 22/01/2020

The notes on pages 10 to 13 form part of these financial statements.

CROWDCUBE CAPITAL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 1 October 2017	1,830,000	(219)	1,829,781
Comprehensive result for the financial year			
Result for the financial year	-	-	-
Total comprehensive result for the financial year	-	-	-
At 30 September 2018 and 1 October 2018	1,830,000	(219)	1,829,781
Comprehensive result for the financial year			
Result for the financial year	-	-	-
Total comprehensive result for the financial year	-	-	-
At 30 September 2019	1,830,000	(219)	1,829,781

The notes on pages 10 to 13 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

1. General information

CrowdCube Capital Limited's (the "Company") principal activity is the provision of a crowdfunding platform.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is: Fourth Floor, Broadwalk House (South Block), Exeter, Devon, England, EX1 1TS.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on going concern basis, under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied consistently throughout the year:

2.2 Turnover

Turnover is comprised of Commission fees, Completions Fees and Investment Fees. Commission fees and completions fees are payable by the raising company and deducted from funds raised during the closing of the round. Investment fees are paid by the investors and reflect an additional fee on top of the pledged investment sum. These fees are similarly taken at source during the completions and draw down process.

In all three cases, turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised.

For all three revenue streams, turnover is recognised once the funding requirement of a raise has been achieved, following a 7 day cool off period, in which Investors can withdraw. Since the revenue earned is contingent upon a successful raise, the recognition of turnover is deferred until this point.

2.3 Administrative expenses

Administrative expenses represent amounts charged to the Company by its parent Company to represent expenses re-charged to the Company on a monthly basis.

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.5 Cash and cash equivalents

Cash is represented by cash in hand, cash held with our payment processor Stripe and deposits with financial institutions. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Current taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

CROWDCUBE CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

3. Auditors' remuneration

Feed paid to the Auditors' of the Company are as follows:

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>5,580</u>	<u>5,150</u>
Fees payable for other assurance services required by legislation	<u>25,125</u>	<u>17,500</u>

All fees paid to the auditors' remuneration is paid on the Company's behalf by Crowdcube Limited, with no recharge being made to this company (as in 2018).

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018: £Nil).

The directors of the company are directors of the parent company, Crowdcube Limited. The emoluments of the directors of the company, for their services to the group as a whole are disclosed in the financial statements of Crowdcube Limited.

5. Debtors

	2019 £	2018 £
Trade debtors	43,176	51,440
Other debtors	4,512	-
Prepayments and accrued income	566,931	384,500
	<u>614,619</u>	<u>435,940</u>

6. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	-	51,439
Amounts owed to group undertakings	250,076	220
Accruals and deferred income	566,931	384,500
	<u>817,007</u>	<u>436,159</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

7. Contingent liabilities

Between May 2017 and December 2019, the Company made 78 interest payments on behalf of mini-bond issuers as part of ongoing administration and registrar services. These 78 payments were made gross of withholding tax, based on a misinterpretation of advice surrounding a withholding tax exemption introduced in April 2017 through the Finance Act 2017. Upon further review these payments should have been made net of withholding tax totalling £959,978. The Company has rectified this mistake as of December 2019 and is now making all payments net of the required 20% withholding tax. The Company does not believe there to be any tax liability, however there is the potential for penalties to be due. Such penalties are estimated by the Directors as £213,000 but are expected to be lower and partially reimbursable through insurance. An unprompted and voluntary disclosure was made to HMRC immediately upon discovery of the error, however there is uncertainty about the penalties or timing of these until there is a reply from HMRC.

8. Related party transactions

The Company has taken advantage of the exemption, under FRS 102 paragraph 33.2, from disclosing transactions with members of the same group that are wholly owned.

9. Ultimate parent undertaking and controlling party

The Company's immediate and ultimate parent is CrowdCube Limited, a company registered in England and Wales. CrowdCube Limited heads up the smallest and largest group for which consolidated financial statements are drawn up. Copies of the Group financial statements of CrowdCube Limited are available from Fourth Floor, Broadwalk House (South Block), Exeter, Devon, England, EX1 1TS.

There was no ultimate controlling party throughout the year.