

Crowdcube Capital Limited

Annual Report and Financial Statements

For the year ended 30 September 2021

Company Registration No. 09095835 (England and Wales)

Crowdcube Capital Limited

Company Information

Directors	D M Westlake W T A Simmons	(Appointed 9 May 2021)
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Company number	09095835
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Registered office	Fourth Floor Broadwalk House (South Block) Exeter Devon EX1 1TS
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Auditor	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
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Crowdcube Capital Limited

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Crowdcube Capital Limited

Strategic Report

For the year ended 30 September 2021

The directors present the strategic report for Crowdcube Capital Limited (the "Company") for the year ended 30 September 2021.

Fair review of the business

The principal activity of the Company is the provision of a crowdfunding platform. During the year the Company delivered a 48% increase in turnover, and an equal increase in administrative expenses, commensurate with the pass through nature of the company which continues to be structurally break-even.

At the balance sheet date the Company's net cash position was £2,288,714 (2020: £2,243,852).

Principal risks and uncertainties

Competition risk

This Company operates in a competitive market and faces competition from both other crowdfunding platforms and other sources of finance in attracting potential issuers to the platform. The Company continuously monitors publicly available information relating to competitors in order to analyse competitors fees and clients. The Company also ensures transparency in their services and fees as well as ensuring positive promotion of its activities within the marketing to help mitigate this risk.

Regulatory risk

Crowdcube Capital Limited is regulated by the Financial Conduct Authority in the UK. The withdrawal of regulatory authorisations, or the transfer of regulatory oversight to a new regulatory authority, could require the Company to cease or modify a significant part of its operations. Crowdcube Limited (the "Parent") has a dedicated regulatory team to ensure all regulations are complied with and that the Company can quickly adapt to any changes in the regulator environment if necessary.

COVID-19

COVID-19 continues to present a commercial risk to the Company in terms of both demand and sector focus. However the Company is actively managing a shift in focus and value proposition to better support clients which remain resilient to periodic local and national restrictions. Equally, the Parent, on behalf of the group as a whole continues to monitor and participate in government support programmes where relevant.

Employees

The Company does not have any employees and all related paragraphs, for the group as a whole, are disclosed in the financial statements for Crowdcube Limited.

Future developments

The Company remains focused on capturing market share in the equity funding market in the UK and is expecting stronger revenue growth in FY22 in a post COVID-19 trading environment. The announced European expansion will help accelerate these plans in late 2022.

Financial key performance indicators

The directors regularly review the following measures:

- Revenue of £10,928,347 (2020: £7,379,826)
- Cash balance of £2,288,714 (2020: £2,243,852)

Crowdcube Capital Limited

Strategic Report (Continued)

For the year ended 30 September 2021

Section 172 (1) Statement

While the activities of the Company remain limited in scope, the following sections summarise how the Directors fulfil their duties:

Business Relationships and Standards

Our strategy continues to be focused on building long term, sustainable relationships with both our SME clients and platform investors. We seek to promote repeat business in the form of returning raises and multiple on platform investments. In order to support this ambition we continually seek to optimise both our technology and processes through regular review, development and customer feedback. Due to the structural nature of the Company we have a limited number of suppliers, primarily payment processing, through which we maintain close and collaborative working relationships through exclusive or multi-year contracts.

Specific actions include:

- Customer satisfaction surveys are sent to all successful fundraising companies to obtain feedback on quality of service, opportunities for improvement and overall experience.
- Embedded feedback tools are used to gain insights into all aspects of the investor journey and overall product experience and customer satisfaction.
- New product features are regularly released including a redesign of the investor portfolio, improved exports for investor tax returns, enhanced company trading status, apple authorisation and email preference centre to name a few.

Risk Management

As a regulated entity serving the Parent, particular attention is paid to both regulatory and market risk. All strategic and long term decision making is considered within this wider context as noted within the 'Principal Risks and uncertainties' sections of the Strategic Report.

Specific actions include:

- Approximately 2 weeks before each board meeting (every 2 months), the Head of Compliance and General Counsel meet to review: the draft risk register, the current breach register and the current complaint register. Existing risks are discussed and revised as necessary, new risks included and any material items from the breach or complaints register noted. Process also includes input from CFO and VP Finance, where required. Risk register circulated with board pack and discussed and noted at each board meeting.
- Membership is maintained within two leading industry associations, the UK Crowdfunding Association and the European Crowdfunding Network. These groups provide a forum for outlining best practices, sharing knowledge and promoting greater transparency across the wider market.
- Each year an annual review of client asset and fund procedures is reported to the directors along with the completion of the Internal Capital Adequacy Assessment Process (ICAAP) and associated risk assessments.

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term;
- b. the need to foster the Company's business relationships with suppliers, customers and others; and
- c. the desirability of the Company maintaining a reputation for high standards of business conduct.

On behalf of the board

D M Westlake
Director
21 January 2022

Crowdcube Capital Limited

Directors' Report

For the year ended 30 September 2021

The directors present their annual report and the audited financial statements of Crowdcube Capital Limited (the "Company") for the year ended 30 September 2021.

Principal activities

The principal activity of the company continued to be that of the provision of a crowdfunding platform.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D M Westlake

W T A Simmons

L J Lang

(Appointed 9 May 2021)

(Resigned 27 May 2021)

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The directors benefit from an indemnity provision provided through Directors' and Officer's insurance which covers both the Parent and the Company.

Financial risk management

There is little credit risk as the majority of funds due to the Company are collected at source on completion of successful deals. Where credit risk does arise the Company has active credit control procedures in place.

With regard to liquidity, the Company actively manages cash and has been provided with a letter of support from the Parent to confirm additional working capital will be provided when needed for a period of at least 12 months from the date of signing these financial statements.

Going concern

The Company continues to operate as a direct pass through for all regulated revenue including commission fees, completion fees and investment fees. As such, all revenue reflects invoiced and collected fees and all expenditure represents amounts charged to the Company by its Parent Company to collect and transfer up this revenue. This structural relationship ensures that the Company should not generate a profit or loss nor generate or utilise operating cash.

Most cash held on the Balance Sheet relates to a balance of £1,977,000 ring-fenced to support the Company's regulatory capital requirement with the balance reflecting collected and as yet transferred up fees owed to the Parent. However as there is a high level of co-dependence between the Company and its Parent Company, written assurances have been provided guaranteeing that should either capital requirements increase or unforeseen circumstances arise, the Parent Company is prepared to provide all necessary capital for up for a period of at least 12 months from the date of this report to ensure the Company remains a going concern. The Parent Company has also confirmed they will not seek repayment of the amounts owed by the Company until such time as the Company is able to repay these balances without compromising its ability to continue to trade and meet its liabilities as they fall due. Since the balance sheet date, the Parent Company has started the process of raising additional external finance.

Auditor

Moore Kingston Smith LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Crowdcube Capital Limited

Directors' Report (Continued)

For the year ended 30 September 2021

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of all section 172 disclosures and key performance indicators.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

D M Westlake

Director

21 January 2022

Crowdcube Capital Limited

Independent Auditor's Report

To the Members of Crowdcube Capital Limited

Opinion

We have audited the financial statements of Crowdcube Capital Limited (the 'company') for the year ended 30 September 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit 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.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Crowdcube Capital Limited

Independent Auditor's Report (Continued)

To the Members of Crowdcube Capital Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Crowdcube Capital Limited

Independent Auditor's Report (Continued)

To the Members of Crowdcube Capital Limited

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Crowdcube Capital Limited

Independent Auditor's Report (Continued)

To the Members of Crowdcube Capital Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

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

Thomas Moore (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

21 January 2022

Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Crowdcube Capital Limited

Statement of Comprehensive Income

For the year ended 30 September 2021

	Notes	2021 £	2020 £
Turnover	3	10,928,347	7,379,826
Administrative expenses		(10,928,347)	(7,379,826)
Profit before taxation		-	-
Tax on profit	6	-	-
Profit for the financial year		-	-

The current year and prior year comprehensive result for the Company is entirely from continuing operations.

The notes on pages 12 to 18 form part of these financial statements.

Crowdcube Capital Limited

Balance Sheet

As at 30 September 2021

	Notes	2021 £	£	2020 £	£
Current assets					
Debtors	7	1,259,488		825,651	
Cash at bank and in hand		2,288,714		2,243,852	
		<u>3,548,202</u>		<u>3,069,503</u>	
Creditors: amounts falling due within one year	8	<u>(1,571,421)</u>		<u>(1,104,722)</u>	
Net current assets			<u>1,976,781</u>		<u>1,964,781</u>
Total assets less current liabilities			<u><u>1,976,781</u></u>		<u><u>1,964,781</u></u>
Capital and reserves					
Called up share capital	9	1,977,000		1,965,000	
Profit and loss reserves		(219)		(219)	
Total shareholders' funds			<u><u>1,976,781</u></u>		<u><u>1,964,781</u></u>

The financial statements were approved by the board of directors and authorised for issue on 21 January 2022 and are signed on its behalf by:

D M Westlake
Director

Company Registration No. 09095835

Crowdcube Capital Limited

Statement of Changes in Equity

For the year ended 30 September 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 October 2019		1,830,000	(219)	1,829,781
Year ended 30 September 2020:				
Profit and total comprehensive income for the year		-	-	-
Issue of share capital	9	135,000	-	135,000
Balance at 30 September 2020		1,965,000	(219)	1,964,781
Year ended 30 September 2021:				
Profit and total comprehensive income for the year		-	-	-
Issue of share capital	9	12,000	-	12,000
Balance at 30 September 2021		<u>1,977,000</u>	<u>(219)</u>	<u>1,976,781</u>

Crowdcube Capital Limited

Notes to the Financial Statements

For the year ended 30 September 2021

1 Accounting policies

Company information

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

Crowdcube Capital Limited is a private company limited by shares incorporated in England and Wales. The registered office is Fourth Floor, Broadwalk House (South Block), Exeter, Devon, EX1 1TS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Crowdcube Limited as at 30 September 2020. These consolidated financial statements are available from its registered office, Fourth Floor, Broadwalk House (South Block), Exeter, Devon, EX1 1TS.

Crowdcube Capital Limited

Notes to the Financial Statements (Continued)

For the year ended 30 September 2021

1 Accounting policies

(Continued)

1.2 Going concern

COVID-19 continues to present a commercial risk to the Company in terms of both demand and sector focus. However the Company is actively managing a shift in focus and value proposition to better support clients which remain resilient to periodic local and national restrictions. Equally, the Parent, on behalf of the group as a whole continues to monitor and participate in government support programmes where relevant.

The Company continues to operate as a direct pass through for all regulated revenue including commission fees, completion fees and investment fees. As such, all revenue reflects invoiced and collected fees and all expenditure represents amounts charged to the Company by its Parent Company to collect and transfer up this revenue. This structural relationship ensures that the Company should not generate a profit or loss nor generate or utilise operating cash.

Most cash held on the Balance Sheet relates to a balance of £1,977,000 ring-fenced to support the Company's regulatory capital requirement with the balance reflecting collected and as yet transferred up fees owed to the Parent. However as there is a high level of co-dependence between the Company and its Parent Company, written assurances have been provided guaranteeing that should either capital requirements increase or unforeseen circumstances arise, the Parent Company is prepared to provide all necessary capital for up for a period of at least 12 months from the date of this report to ensure the Company remains a going concern. The Parent Company has also confirmed they will not seek repayment of the amounts owed by the Company until such time as the Company is able to repay these balances without compromising its ability to continue to trade and meet its liabilities as they fall due. Since the balance sheet date, the Parent Company has started the process of raising additional external finance.

Therefore at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

For all three revenue streams, turnover is recognised once the funding requirements of a raise has been achieved, following a 7 day cooling off period, in which investors can withdraw. Since the revenue earned is contingent upon a successful raise, turnover is not recognised until there both a successful raise and the 7 day cooling off period has ended.

1.4 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

Crowdcube Capital Limited

Notes to the Financial Statements (Continued)

For the year ended 30 September 2021

1 Accounting policies

(Continued)

1.5 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Crowdcube Capital Limited

Notes to the Financial Statements (Continued)

For the year ended 30 September 2021

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Crowdcube Capital Limited

Notes to the Financial Statements (Continued)

For the year ended 30 September 2021

2 Judgements 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 amount 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors do not consider there to be any critical judgements in applying the entity's accounting policies in either the current or prior year, or any estimates and assumptions that have a significant risk of causing material adjustment to the carrying value of assets and liabilities.

3 Turnover and other revenue

The whole of the turnover is attributable to commission and other fees generated by the investment crowdfunding platform.

All turnover arose within the United Kingdom.

4 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	17,000	7,000
	<u> </u>	<u> </u>
For other services		
Other assurance services	23,000	31,000
	<u> </u>	<u> </u>

All fees paid to the auditors' is paid on the Company's behalf by Crowdcube Limited, with no recharge being made to this company (as in 2020).

5 Employees

The Company has no employees other than directors, who did not receive any remunerations (2020: £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.

Crowdcube Capital Limited

Notes to the Financial Statements (Continued)

For the year ended 30 September 2021

6 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	-	-
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)</i>	-	-
Taxation charge in the financial statements	-	-

7 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	27,589	242,366
Other debtors	22,570	46,611
Prepayments and accrued income	1,209,329	536,674
	1,259,488	825,651

8 Creditors: amounts falling due within one year

	2021 £	2020 £
Amounts owed to group undertakings	362,092	568,048
Accruals and deferred income	1,209,329	536,674
	1,571,421	1,104,722

9 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary Shares of £1 each	1,977,000	1,965,000	1,977,000	1,965,000

Crowdcube Capital Limited

Notes to the Financial Statements (Continued)

For the year ended 30 September 2021

9 Share capital

(Continued)

On 1 October 2020, 12,000 ordinary shares with a nominal value of £1 per share were issued for cash at £1 per share.

A. On a show of hands every shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, unless the proxy (in either case) or the representative is himself a shareholder entitled to vote, shall have one vote and on a poll every member shall have one vote for every share of which he is the holder.

B. The shares all rank pari passu as respects dividend distribution.

C. Each share is entitled pari passu to participate in a distribution arising from a winding up of the Company.

D. The shares are not redeemable.

10 Related party transactions

Remuneration of key management personnel

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.

In the year, the Company entered into no (2020: two) transactions with entities with a common director, or close family member, of the Parent of the Company. These transactions were in respect of crowdfunding services and generated total revenue of £nil (2020: £20,551) for the Company.

11 Ultimate 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, EX1 1TS.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.