FUNDING CIRCLE LIMITED

Annual Report and Financial Statements

For the Year Ended

31 December 2013

Registered number: 06968588

FUNDING CIRCLE LIMITED

Annual report and financial statements for the year ended 31 December 2013

Contents

FUNDING CIRCLE LIMITED

Officers and professional advisers

Directors

S Desai
A D Learoyd
J Meekings
N Rimer
E Wray

Secretary

L Vernall

Registered office

3 Dorset Rise
London
EC4Y 8EN

Auditor

Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR
United Kingdom

Bankers

Barclays Bank PLC
Level 11
1 Churchill Place
London
E14 5HP

The directors present their strategic report on the company for the year ended 31 December 2013.

Principal Activity

Funding Circle is an online marketplace which can help businesses access fast and simple finance, whilst investors have the potential to earn better returns by lending to them. Directly connecting people and organisations who want to lend, with vetted, established businesses who want to borrow.

General Business Review

In 2013, growing the company was the main objective. This is clearly demonstrated by the turnover which increased by 177% from £1,925,845 to £5,339,301. The losses remained relatively stable increasing slightly from £3,861,966 (restated from UK GAAP £4,060,995) to £3,961,177. This is due to the company continually investing in growth. This trend will continue in 2014.

The company has obtained additional permanent financing from its parent entity of £5,326,911 as a capital contribution.

The directors forecast that additional funds will be required from the parent entity, for at least twelve months from the date of signing the accounts, to invest in the growth of the business. The directors consider that the Company has the ability to remain in operation for the foreseeable future, as they have confirmed the continuing financial support of Funding Circle Holdings Limited, the immediate parent Company, and have therefore continued to adopt the going concern basis in preparing financial statements.

From 1st April 2014 Funding Circle and all other peer-to-peer lending platforms will be subject to Financial Conduct Authority (FCA) regulation – under 'loan-based crowdfunding'. This is a positive step that Funding Circle welcomes, to maintain industry-wide high standards. Funding Circle already complies with most of the regulation so there will not be too many changes.

The Company owns 100% of Funding Circle Recoveries Limited and Funding Circle Asset Finance Limited (the "Subsidiaries"). On 17 February 2014, Funding Circle Limited acquired 100% share capital of "Funding Circle Solutions Limited" and "Funding Circle Property Finance Limited" (dormant companies, incorporated on 17 February 2014 in the United Kingdom.

Analysis of Key Performance Indicators

The key performance indicators of the Company are revenue, number of loans listed and the amount, the number of active lenders and the control of expenses. As part of budgetary process, targets are set with respect to operating expenses in order to effectively manage the activities of the Company. Performance is reviewed on a regular basis and appropriate actions are taken as required.

Principal Risks and Uncertainties

The principal risks and uncertainties that the Company faces include, among others, risks related to competition, management of growth, new products and technologies, seasonality, 3rd party sales channels, commercial agreements, slower economy, system interruptions, government regulations and taxation and fraud.

Future Development

The directors aim to maintain the management policies and processes that support the principal activity of the Company. The Company is continually reviewing and refining these policies to improve the framework of financial control and manages the finances, revenues and costs effectively.

By order of the board

S Desai
Director
16 September 2014

FUNDING CIRCLE LIMITED

Report of the directors for the year ended 31 December 2013

The directors present their report together with the Annual financial statements of Funding Circle Limited (the "Company"), for the year ended 31 December 2013. The Company was incorporated on 21 July 2009. It commenced developing a platform to facilitate the raising of finance, for businesses in January 2010. The platform became operational in August 2010. The Company became a wholly-owned subsidiary of Funding Circle Holdings Limited in February 2010.

Principal activity

The principal activity of the Company is to facilitate the raising of finance for businesses through a website.

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors of the Company during the year and subsequently were:

S Desai
A D Learoyd
J Meekings
N Rimer
E Wray

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to accept the appointment as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

S Desai
Director
16 September 2014

Directors' responsibilities statement

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Independent auditor's report to the members of

FUNDING CIRCLE LIMITED

We have audited the financial statements of Funding Circle Limited for the year ended 31 December 2013 which comprise the statement of comprehensive income, statement of changes in equity, statement of financial position and statement of cash flows and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of

FUNDING CIRCLE LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Garrath Marshall (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
16 September 2014

FUNDING CIRCLE LIMITED

Statement of comprehensive income for the year ended 31 December 2013

	Note	31 December 2013 £	31 December 2012 Restated (Note 22) £
Revenue	5	**5,339,301**	1,925,845
Cost of sales		**(1,169,463)**	(440,098)
Gross profit		**4,169,838**	1,485,747
Administrative expenses		**(8,455,896)**	(5,569,733)
Operating loss	6	**(4,286,058)**	(4,083,986)
Other interest receivable and similar income		**91,056**	34,152
Foreign exchange gains		**37**	-
Loss before taxation		**(4,194,965)**	(4,049,834)
Income tax credit	9	**233,788**	187,868
Loss for the year		**(3,961,177)**	(3,861,966)
Other comprehensive income		-	-
Total comprehensive loss for the year		**(3,961,177)**	(3,861,966)
Loss and total comprehensive loss attributable to:			
Owners of the parent		(3,961,177)	(3,861,966)

All amounts relate to continuing activities.

The notes on pages 13 to 40 form part of these financial statements.

FUNDING CIRCLE LIMITED

Statement of changes in equity for the year ended 31 December 2013

	Share capital £	Capital Reserve £	Share premium £	Retained earnings £	Total £
Balance at 1 January 2012 (as restated)	**2,970,789**	-	**29,699**	**(1,659,608)**	**1,340,880**
Loss for the year	-	-	-	(3,861,966)	(3,861,966)
Issue of share capital	8,960,300		89,603	-	9,049,903
Balance at 31 December 2012 (as restated)	**11,931,089**	-	**119,302**	**(5,521,574)**	**6,528,817**
Balance at 1 January 2013	11,931,089	-	119,302	(5,521,574)	6,528,817
Loss for the year	-		-	(3,961,177)	(3,961,177)
Capital contribution (note 16)		5,326,911	-	-	5,326,911
Balance at 31 December 2013	**11,931,089**	**5,326,911**	**119,302**	**(9,482,751)**	**7,894,551**

The notes on pages 13 to 40 form part of these financial statements.

FUNDING CIRCLE LIMITED

Statement of financial position as at 31 December 2013

	Note	31 December 2013 £	31 December 2012 Restated (Note 22) £	1 January 2012 Restated (Note 22) £
Non-current assets				
Intangible assets	10	**90,390**	-	-
Property, plant and equipment	11	**670,885**	401,606	32,946
Investment	12	**2**	2	2
		761,277	401,608	32,948
Current assets				
Trade and other receivables	13	**866,024**	538,490	56,849
Cash and cash equivalents		**7,548,025**	6,259,018	1,417,192
		8,414,049	6,797,508	1,474,041
Total assets		**9,175,326**	7,199,116	1,506,989
Current liabilities				
Trade and other payables	14	**(1,164,795)**	(599,469)	(166,109)
Net current assets		**7,249,254**	6,198,039	1,307,932
Non-current liabilities				
Long-term provisions	15	**(115,980)**	(70,830)	-
Total liabilities		**(1,280,775)**	(670,299)	(166,109)
Net assets		**7,894,551**	6,528,817	1,340,880

FUNDING CIRCLE LIMITED

Statement of financial position as at 31 December 2013

	Note	31 December 2013 £	31 December 2012 Restated £ (Note 22)	1 January 2012 Restated £ (Note 22)
Equity				
Share capital	16	**11,931,089**	11,931,089	2,970,789
Share premium account	16	**119,302**	119,302	29,699
Capital reserve	16	**5,326,911**	-	-
Retained deficit	17	**(9,482,751)**	(5,521,574)	(1,659,608)
Total equity		**7,894,551**	6,528,817	1,340,880

The financial statements of Funding Circle Limited (Registered number: 06968588) were approved by the Board and authorised for issue on 16 September 2014. They were signed on its behalf by:

Director
S Desai

The notes on pages 13 to 40 form part of these financial statements.

FUNDING CIRCLE LIMITED

Statement of cash flows for the year ended 31 December 2013

	Note	31 December 2013		31 December 2012 Restated	
		£	£	£	£
Net cash used in operating activities	18		**(3,663,493)**		(3,893,905)
Investing activities					
Capitalisation of development costs		**(94,320)**		-	
Purchase of property, plant and equipment		**(371,147)**		(281,975)	
Interest received		**91,056**		34,152	
Net cash outflow from investing activities			**(374,411)**		(247,823)
Financing activities					
Proceeds on issue of shares		-		9,049,903	
Funding from/(to) parent undertaking		**5,326,911**		(66,349)	
Net cash inflow from financing activities			**5,326,911**		8,983,554
Net increase in cash and cash equivalents			**1,289,007**		4,841,826
Cash and cash equivalents at the beginning of the year			**6,259,018**		1,417,192
Cash and cash equivalents at the end of the year			**7,548,025**		6,259,018

The notes on pages 13 to 40 form part of these financial statements.

1 Accounting policies

General information

Funding Circle Limited is a private company incorporated on 21 July 2009 in the United Kingdom under the Companies Act. The Company is a wholly-owned subsidiary of Funding Circle Holdings Limited. The address of its registered office is given on page 1.

These financial statements have been approved for issue by the Board of Directors on 16 September 2014.

Going concern

The Company's business activities are set out in the Principal Activity and General Business Review section of the Strategic Report on page 2.

The Company made a loss of £3,961,177 during the year ended 31 December 2013 (2012: loss of £3,861,966 - restated), its third trading period, as a result of significant investment in staff, technology and marketing. Further losses are expected during 2014.

During the year ended 31 December 2013, the parent company converted £nil (2012: £8m) intercompany receivable balance from the Company into capital investment in the Company and made an additional capital investment of £5.3m (2012: £1.1m) by cash. The directors are confident that the sustained funding from the parent company will enable Funding Circle Limited to continue trading until it reaches full profitability. The cash balance of the company as at 31 December 2013 was £7.5m (2011: £6.2m). Having made enquiries of the Parent Company, the directors therefore consider it appropriate to prepare the accounts on the going concern basis.

Basis of preparation

The Company maintains its books and records in pound sterling ("£") and presents its annual accounts in conformity with United Kingdom laws and regulations.

These annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

For all periods up to and including the year ended 31 December 2012, the Company prepared its financial statements in accordance with United Kingdom GAAP. These financial statements for the year ended 31 December 2013 are the first the Company has prepared in accordance with IFRS. Refer to Note 22 for information on how the Company adopted IFRS.

The financial statements have been prepared on a going concern basis, applying a historical cost convention except for certain financial instruments that are carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

1 Accounting policies (continued)

Basis of preparation (continued)

Immediate Parent Undertaking

The financial statements contain information about Funding Circle Limited as an individual company and do not contain consolidated financial information as that parent of a group. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent Funding Circle Holdings Limited, a company incorporated in the United Kingdom.

Standards and amendments to existing standards and interpretations effective on or after 1 January 2013 adopted by the Company

Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 7 (Amendment)	Financial Instruments: Disclosures: Amendments - Offsetting Financial Assets and Financial Liabilities	1 January 2013
IAS 19	Employee Benefits	1 January 2013

IFRS 7 (Amendments) Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities
The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Company is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Company.

IAS 19 Employee Benefits (revised June 2011)
IAS 19 (as revised in June 2011) has been adopted retrospectively in accordance with IAS 8. The key amendments include:
- Requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of re-measurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing IAS 19)
- Introducing enhanced disclosures about defined benefit plans
- Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits
- Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features

1 Accounting policies (continued)

Basis of preparation (continued)

Consequently the Company has made a provision in respect of employee benefits (vacation accrual) for the current and the comparative financial year.

(a) New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2014 and not early adopted

The following new and amended standards and interpretations have been issued and are mandatory for the Company's accounting periods beginning on or after 1 January 2014 or later periods and may have a material impact on the Company:

Standard/ interpretation	**Content**	**Applicable for financial years beginning on/after**
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 9	Financial instruments: Classification and measurement	1 January 2018
IAS 36 (Amendments)	Impairment of Assets – Recoverable amount disclosure for Non-Financial Assets	1 January 2014

The Company's assessment of the impact of these new standards and interpretations is set out below.

Amendments to IAS 32 Offsetting Financial Assets and Liabilities
The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32.

The directors of the Company do not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Company's financial statements as the Company does not have any financial assets and financial liabilities that qualify for offset.

IFRS 9, 'Financial instruments' – classification and measurement
IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and amended in October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The standard also results in one impairment method replacing the numerous impairment methods in IAS 39 that arise from the different classification categories. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on 1 January 2018.

1 Accounting policies (continued)

Basis of preparation (continued)

IAS 36, 'Impairment of Assets' – Recoverable Amount Disclosures for Non-Financial Assets
IAS 36 currently requires that the recoverable amount of an asset (or CGU) is disclosed, irrespective of whether impairment has been recorded or reversed in respect of that asset (or CGU) during the period. Under the proposed amendments, IAS 36.130(e) would instead require that disclosure of the recoverable amount of an asset (or CGU) would only be required in periods in which impairment has been recorded or reversed in respect of that asset (or CGU).

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future years.

Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in pounds sterling, which is the Company's functional currency.

Revenue recognition

Turnover represents fees receivable from lenders and borrowers for the arranging of finance. Revenue earned from borrowers is recognised immediately upon acceptance of the loans by borrowers. Completion fees are automatically deducted from the amount borrowed and recognised at that point as the Company has the right to consideration. Revenue from lenders is recognised upon sales of loan parts by lenders. Service revenue is recognised upon repayments of loan parts. Due to the conditions of the trade, there are no partially completed contracts on the balance sheet date and no advance payments from customers.

Intangible assets

Intangible assets with finite useful lives are amortised to profit or loss on a straight-line basis over their estimated useful lives. Useful lives and amortisation methods are reviewed at the end of each annual reporting period, or more frequently when there is an indication that the intangible asset may be impaired, with the effect of any changes accounted for on a prospective basis. Amortisation commences when the intangible asset is available for use. The residual value of intangible assets is assumed to be zero.

Computer software	straight-line over 2 years

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Computer equipment	33.3% per annum
Furniture and fixtures	20-33.3% per annum

1 Accounting policies (continued)

Basis of preparation (continued)

Interest Receivable

Interest receivable is recognised on an accrual basis within 'Interest income' in the statement of comprehensive income.

Expenses

Expenses include legal, accounting, auditing, marketing, research and staff costs. They are recognised as an expense in the statement of comprehensive income in the period in which they are incurred (on an accruals basis).

Development Costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.
An internally-generated intangible asset arising from the Company's development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1 Accounting policies (continued)

Financial instruments

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables financial assets, and available-for sale financial assets as appropriate. The Company determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial assets expire or the Company transfers substantially all risks and rewards of ownership.

Financial assets recognised in the statement of financial position as equity investments are classified as available-for-sale. They are recognised at fair value and subsequently measured at cost less provision for impairment as fair value cannot be reliably measured.

Financial assets recognised in the statement of financial position as trade and other receivables are classified as loans and receivables. They are recognised at fair value and subsequently measured at amortised cost less provision for impairment. When a trade receivable is uncollectable it is written off against the allowance account for trade receivables. Subsequently recoveries of amounts previously written off are credited in the statement of comprehensive income. The carrying amount of these assets approximates their fair value.

Cash and cash equivalents are also classified as loans and receivables. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. The carrying amount of these assets approximates their fair value.

The Company assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the Statement of Comprehensive Income.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the Statement of Comprehensive Income

1 Accounting policies (continued)

Financial instruments (continued)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the year end date.
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affect neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted at the year-end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax balances are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Revenues, expenses and assets are recognised net of the amount of sales tax, except for receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2 Financial risk management

The board of directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and ensure any limits are adhered to. The Company's activities are reviewed regularly and potential risks are considered.

Risk factors

The Company has exposure to the following risks from its use of financial instruments:
- credit risk
- liquidity risk
- market risk (including currency risk, interest rate risk and other price risk)

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

Categorisation of financial assets and financial liabilities

	Loans and receivables measured at amortised cost		Other liabilities measured at amortised cost	
	31 December 2013 £	31 December 2012 £	31 December 2013 £	31 December 2012 £
Assets per statement of financial position				
Trade and other receivables	866,024	538,490	-	-
Cash and cash equivalents	7,548,025	6,259,018	-	-
Liabilities per statement of financial position				
Trade and other payables	-	-	1,164,795	599,469
	8,414,049	6,797,508	1,164,795	599,469

2 Financial risk management (continued)

The financial instruments are recorded at amortised cost in the financial statements. The directors consider that the carrying amounts of financial assets and financial liabilities approximate their fair values.

Financial risk factors

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash and cash equivalents held at banks.

The Company's maximum exposure to credit risk by class of financial asset is as follows:-

	31 December 2013 £	**31 December 2012 £**
Trade and other receivables		
- Trade debtors	**2,548**	1,471
- Rent deposit	**374,052**	191,241
- Tax credit recoverable	**233,820**	187,868
- Prepayments and other debtors	**255,604**	157,910
Cash and cash equivalents	**7,548,025**	6,259,018

2 Financial risk management (continued)

Financial risk factors (continued)

Credit risk (continued)

Other debtors principally comprise of prepayments and amounts due from related companies. The recoverability of these amounts is reviewed on an ongoing basis.

The fair value of cash and cash equivalents at 31 December 2013 and 31 December 2012 approximates the carrying value. Further details regarding cash and cash equivalents can be found in note 18. Cash risk is mitigated as cash and cash equivalents are held with reputable institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's position.

The Company's liquidity position is monitored and reviewed on an ongoing basis by the directors.

The amounts disclosed in the below tables are the contractual undiscounted cash flows.

The maturity analysis of financial instruments at 31 December 2013 and 31 December 2012 is as follows:

	31 December 2013 £	31 December 2012 £
Financial assets – due within one year		
Trade and other receivables – Demand and less than 1 month	**866,024**	538,490
Cash and cash equivalents – Demand and less than 1 month	**7,548,025**	6,259,018
	8,414,049	6,797,508
Financial liabilities – due within one year		
Trade and other payables – from 1 to 3 months	**1,164,795**	599,469

2 Financial risk management (continued)

Financial risk factors (continued)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risk arises from open position in interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

a) Price risk
The Company is not exposed to market risk with respect to financial instruments as it does not hold any marketable securities.

b) Cash flow and fair value interest rate risk
The Company's interest rate risk is associated with cash and cash equivalent borrowings from the parent company. If the interest rate is variable, it represents the Company with cash flow interest rate risk. If the interest rate is fixed, there is a fair value interest rate risk.

The Company does not use interest rate swaps under which fixed interest liabilities are converted to variable rate in order to hedge the fair value interest rate risk.

c) Sensitivity analysis
IFRS 7 requires disclosure of sensitivity analysis for each type of market risk to which the entity is exposed at the report date showing how profit or loss and equity would have been affected by changing the relevant risk variables that were reasonably possible at that date.

As discussed above, the Company does not have significant exposure to liquidity, cash flow or interest rate risk and therefore no sensitivity analysis for those risks has been disclosed.

Capital management

The Company considers its capital to comprise of its ordinary share capital and share premium less its accumulated retained losses.

The directors' objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders.

3 Segmental analysis

The Company's operations are carried out solely in the UK. The results and net assets of the Company are derived from the provision of its platform.

4 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Development Costs

As described in note 1, costs for research and development activities are assessed whether they qualify for recognition as internally generated intangible assets. Apart from complying with the general requirements for and initial measurement of an intangible assets, qualification criteria are met only when technical as well as commercial feasibility can be demonstrated and cost can be measured reliably. It must also be probable that the intangible asset will generate future economic benefits and that it is clearly identifiable as a durable asset.

During the year, management reconsidered the value of its internally-generated intangible asset which is included in its balance sheet at £90,390. The developed Mobile Application continues to progress in a very satisfactory manner, and the improvement in turnover has reconfirmed management's previous estimates of anticipated revenues from the Application.

Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

Decommissioning provision

The Statement of financial statements includes a cumulative provision of £115,980 (2012: £70,830) in relation to Company's obligation to decommission the customisation of offices at the end of the tenancy of the leasehold premises. The provision recognised at the balance sheet date represents the best estimate of the expenditures required to settle the obligation in current prices provided by an independent firm providing Design and Building services.

The related asset is capitalised as part of property, plant and equipment and amortised over the lease term.

Due to the short tenancy period and low inflation rate, the Management has not discounted the provision to take into account the timing of payment as it believes the impact of non-recognition of the annual inflation over remaining lease term would be immaterial to the financial statements.

Management has assessed the adequacy of provision and confirmed that the amount is adequate to settle the decommissioning obligation under the leasehold contract.

5 Revenue

	31 December 2013 £	31 December 2012 £
Revenue	**5,339,301**	1,925,845
	5,339,301	1,925,845

The total revenue of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

6 Operating Loss

	31 December 2013 £	31 December 2012 £
Loss for the year has been arrived after charging:		
Depreciation of property, plant and equipment	**143,785**	36,489
Amortisation of internally-generated intangible assets	**3,930**	-
Research and Development costs	**41,584**	32,203
Operating lease rentals		
- Other assets	-	90,510
- Land and buildings	**364,290**	122,967
Auditor's remuneration for audit services (including expenses)	**55,000**	22,600
Auditor's remuneration for tax advisory services	**71,005**	30,530
Auditor's remuneration for other services	**0**	0

7 Remuneration of key management personnel

	31 December 2013 £	31 December 2012 £
Short-term employee benefits	**259,659**	315,207
	259,659	315,207

The remuneration of the directors, who are the key management personnel of the company, is set out above in aggregate for each of the relevant categories specified in IAS 24 Related Party Disclosures.

8 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2013 Number	2012 Number
IT	**20**	9
Finance	**4**	2
Operations and Administrative	**46**	20
	70	31

Employment costs (including Directors' emoluments) during the year was:

	31 December 2013 £	31 December 2012 £
Wages and salaries	**3,371,668**	1,756,427
Social security costs	**376,430**	205,965
	3,748,098	1,962,392

9 Taxation on loss on ordinary activities

The Company is subject to all taxes applicable to a commercial company in the United Kingdom. The UK business profits of the Company are subject to UK income tax at the prevailing basic rate of 20% (2012: 20%).

	31 December 2013 £	31 December 2012 £
UK income tax		
Current tax (credit)	**(233,820)**	(125,987)
Adjustments in respect of prior years	**32**	(61,881)
Total current tax	**(233,788)**	(187,868)
Deferred tax	-	-
Total tax credit for the year	**(233,788)**	(187,868)

Factors affecting the tax charge for the year

	31 December 2013 £	31 December 2012 £
Loss on operating activities before tax	**(4,194,965)**	(4,049,834)
Taxation on profit on operating activities at 20% (2012: 20%)	**(838,993)**	(809,967)
Effects of:		
Non-deductible expenses	**12,656**	13,465
Losses surrendered for R&D tax credit	**188,945**	101,631
Accelerated capital allowances	**(19,510)**	5,665
Research & Development tax credit	**(233,820)**	(125,987)
Adjustments in respect of prior years	**32**	(61,881)
Unrelieved tax losses	**656,902**	689,206
Total tax credit for the year	**(233,788)**	(187,868)

9 Taxation on profit of ordinary activities (continued)

Deferred tax is provided as follows:

Deferred tax is calculated at 20% (2012: 20%) analysed over the following timing differences:

	31 December 2013 £	31 December 2012 £
Accelerated capital allowances	**55,120**	5,665
Tax losses (revenue in nature)	**(55,120)**	(5,665)
Provision for deferred taxation	**-**	-

No deferred tax asset has been recognised on unrelieved trading losses of £7,894,280 because in the opinion of the directors it is not probable that sufficient suitable profits will be generated to utilise the losses.

10 Intangible assets

	Software £	Total £
Cost		
At 1 January 2013	-	-
Additions	94,320	**94,320**
At 31 December 2013	94,320	**94,320**
Amortisation		
At 1 January 2013	-	-
Charge for the year	3,930	**3,930**
At 31 December 2013	3,930	**3,930**
Carrying amount		
At 31 December 2013	90,390	**90,390**
At 31 December 2012	-	-

The development costs incurred on the Company's Mobile Application (Software) is recorded as intangible assets. The software is capitalised at cost and amortised over its estimated useful life of 2 years. The amortisation commences when the intangible asset is available for use. No impairment in intangible asset has occurred in the financial year.

11 Property, plant and equipment

	Computer equipment £	Furniture and fixtures £	Total £
Cost			
At 1 January 2012	**34,070**	**7,106**	**41,176**
Additions - restated	98,078	325,557	423,635
Disposals	(7,755)	(10,941)	(18,696)
At 31 December 2012	124,393	321,722	446,115
Additions	130,642	285,655	416,297
Disposals	(6,947)	-	(6,947)
At 31 December 2013	**248,088**	**607,377**	**855,465**
Accumulated depreciation			
At 1 January 2012	**7,224**	**1,006**	**8,230**
Charge for the year - restated	24,232	16,979	41,211
Elimination on disposals	(1,229)	(3,703)	(4,932)
At 31 December 2012	30,227	14,282	44,509
Charge for the year	59,061	84,724	143,785
Elimination on disposals	(3,714)	-	(3,714)
At 31 December 2013	**85,574**	**99,006**	**184,580**
Carrying amount			
At 31 December 2013	**162,514**	**508,371**	**670,885**
At 31 December 2012	94,166	307,440	401,606
At 31 December 2011	26,846	6,100	32,946

12 Investment

The Company's investments in subsidiary undertaking in these separate financial statements are accounted for at cost.

Subsidiary Undertakings	Place of incorporation	Proportion of ownership interest %	Proportion of voting power held
At 1 January 2012 and at 31 December 2013	**England & Wales**	100%	**100%**

The Company holds the entire share capital of Funding Circle Recoveries Limited a company incorporated in England and Wales, United Kingdom and the entire share capital of Funding Circle Asset Finance Limited, a company incorporated in England and Wales, United Kingdom on 2 November 2011.

13 Trade and other receivables

	31 December 2013 £	31 December 2012 £	1 January 2012 £
Amounts falling due within one year:			
Trade debtors	**2,548**	1,471	-
Other debtors	**26,852**	30,940	11,879
Tax credit receivable	**233,820**	187,868	-
Prepayments and accrued income	**225,773**	124,694	9,170
Rent deposit	**374,052**	191,241	34,800
Amount due from group undertakings	**2,979**	2,276	1,000
	866,024	538,490	56,849

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

14 Trade and other payables

	31 December 2013 £	31 December 2012 £	1 January 2012 £
Current liabilities:			
Trade and other payables			
Trade creditors	**594,964**	277,603	114,260
Taxes and social security costs	**193,781**	83,171	25,273
Other creditors	**22,806**	-	60
Accruals and deferred income	**345,313**	238,695	26,514
Amounts due to group undertakings	**7,931**	-	2
	1,164,795	599,469	166,109

	31 December 2013 £	31 December 2012 £	1 January 2012 £
Non-current liabilities:			
Provisions	**115,980**	70,830	-
	115,980	70,830	-

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

15 Non-current liabilities

Long-term provisions

	31 December 2013 £	31 December 2012 £
Decommissioning provision	**115,780**	70,830
	115,980	70,830
Current	**-**	-
Non-current	**115,780**	70,830
	115,980	70,830

	Decommissioning Provision £	Total £
At 1 January 2013	70,830	**70,830**
Additional provision in the year	45,150	**45,150**
At 31 December 2013	115,980	**115,980**

The decommissioning provision represents an estimated cost for dismantling the customisation of offices and restoring the leasehold premises to original state at the end of the tenancy period. The provision is expected to reverse in 2017.

16 Share capital

	31 December 2013 £	31 December 2012 £	1 January 2012 £
Called up and allotted			
Ordinary shares of £1each: 11,931,089 issued	**11,931,089**	11,931,089	2,970,789
	11,931,089	11,931,089	2,970,789

Share premium account

	31 December 2013 £	31 December 2012 £	1 January 2012 £
Balance at 1 January	**119,302**	29,699	29,699
Premium arising on issue of equity shares	-	89,603	-
Balance at 31 December 2013	**119,302**	119,302	29,699

Capital reserve

	31 December 2013 £	31 December 2012 £	1 January 2012 £
Balance at 1 January	-	-	-
Capital contribution	**5,326,911**	-	-
Balance at 31 December 2013	**5,326,911**	-	-

During the year ended 31 December 2013, the Company has issued nil (2012: 8,960,300) ordinary shares of £1 each by way of conversion of the balance payable to the parent company of £nil (2012: 7,966,025) and additional cash consideration received of £nil (2012: £1,083,878), giving rise to an increase in share premium of £nil (2012: £89,603). Funding Circle Holdings Limited remains the sole shareholder of the Company.

During the financial year the company received a funding of £5,326,911 from its parent company to meet its working capital requirements. At the year end this amount is included as capital contribution in the Company's equity because it is the intention of the parent company to convert this balance into the ordinary share capital of the Company.

17 Retained earnings

	£
Balance at 1 January 2012	**(1,659,608)**
Effect of change in accounting policy (see note 2)	**-**
Restated balance at 1 January 2012	**(1,659,608)**
Loss for the year	**(3,861,966)**
Balance at 1 January 2013	**(5,521,574)**
Loss for the year	**(3,961,177)**
Balance at 31 December 2013	**(9,482,751)**

18 Notes to the cash flow statement

Cash generated from operations

	31 December 2013 £	31 December 2012 £
Operating loss before income tax	**(3,961,177)**	(3,861,966)
Adjustments for:		
Depreciation of property, plant and equipment	**143,785**	41,211
Loss on disposal of property, plant and equipment	**3,235**	9,283
Amortisation of development costs	**3,930**	-
Interest received	**(91,056)**	(34,152)
Changes in working capital:		
Movement in trade and other receivables	**(327,534)**	(481,641)
Movement in trade and other payables	**565,324**	433,360
Net cash used in operations	**(3,663,493)**	(3,893,905)

18 Notes to the cash flow statement (continued)

Cash and cash equivalents

	31 December 2013 £	31 December 2012 £
Cash and bank balances	**7,548,025**	6,259,018
Balance at 31 December 2013	**7,548,025**	6,259,018

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

Analysis of changes in net debts

	1 January 2013 £	Cash flow £	31 December 2013 £
Cash and bank balances	6,259,018	1,289,007	**7,548,025**
Total net funds	6,259,018	1,289,007	**7,548,025**

19 Operating lease arrangements

	31 December 2013 £	31 December 2012 £	1 January 2012 £
Lease payments under operating leases recognised as an expense in the year	**271,036**	254,988	106,519
Balance at 31 December 2013	**271,036**	254,988	106,519

At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 December 2013 £	31 December 2012 £	1 January 2012 £
Within one year	**407,335**	271,036	-
In the second to fifth year inclusive	**1,109,762**	1,517,097	129,600
After five years	-	-	-
Balance at 31 December 2013	**1,517,097**	1,788,133	129,600

Operating lease payments represent rentals payable by the Company for its office properties.

20 Dividends per share

No dividends declared and paid during the current and previous financial year.

21 Related party transactions

During the year, the Company received cash transfers from the parent company to the value of £5,300,000. It has also paid £7,095 to external parties on behalf of the parent and accepted parent's payments of £34,006 to third parties on behalf of the Company.

The Company paid £248 to external parties on behalf of Funding Circle Asset Finance Limited and £455 on behalf of Funding Circle Recoveries Limited. It has also accepted payments of £7,968 made to third parties by Funding Circle USA. Each of these three companies represents a company under common control to Funding Circle Limited.

The following amounts were outstanding at the balance sheet date:

	Amount owed by related parties		**Amount owed to related parties**	
	2013	**2012**	**2013**	**2012**
	£	**£**	**£**	**£**
Funding Circle Recoveries Limited	**1,506**	1,051		
Funding Circle Asset Finance Limited	**1,473**	1,224		
Funding Circle USA			**7,931**	-
	2,979	2,275	**7,931**	-

22 Explanation of transition to IFRSs

As stated in Note 1 these are the Company's first financial statements prepared in accordance with IFRSs. The accounting policies set out in note 1 and 2 have been applied in preparing the financial statements for the year ended 31 December 2013, the comparative information presented in these financial statements for the year ended 31 December 2012 and in the preparation of an opening IFRS statement of financial position at 1 January 2012 (the Company's date of transition).

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with UK GAAP (the "previous GAAP"). An explanation of how the transition from previous GAAP to IFRSs has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

22 Explanation of transition to IFRSs (continued)

Reconciliation of equity

	Note	Previous GAAP	Effects of transition to IFRSs	IFRSs	Previous GAAP	Effects of transition to IFRSs	IFRSs
			31 December 2012			1 January 2012	
		£	£	£	£	£	£
Non-current assets							
Development costs		-	-	-	-	-	-
Property, plant and equipment	a	335,498	66,108	401,606	32,946	-	32,946
Investment		2	-	2	2	-	2
		335,500	66,108	401,608	32,948	-	32,948
Current assets							
Trade and other receivables		538,490	-	538,490	56,849	-	56,849
Cash and cash equivalents		6,259,018	-	6,259,018	1,417,192	-	1,417,192
		6,797,508	-	6,797,508	1,474,041	-	1,474,041
Total assets		7,133,008	66,108	7,199,116	1,506,989	-	1,506,989
Current liabilities:							
Trade and other payables	b	(577,555)	(21,914)	(599,469)	(166,109)	-	(166,109)
Net current assets		6,219,953	(21,914)	6,198,039	1,307,932	-	1,307,932
Non-current liabilities							
Amount owed to parent company		-	-	-	-	-	-
Long-term provisions	a	-	(70,830)	(70,830)	-	-	-
Total liabilities		(577,555)	(92,744)	(670,299)	(166,109)	-	(166,109)
Net assets		6,555,453	(26,636)	6,528,817	1,340,880	-	1,340,880
Equity							
Share capital		11,931,089	-	11,931,089	2,970,789	-	2,970,789
Share premium account		119,302	-	119,302	29,699	-	29,699
Retained earnings	c	(5,494,938)	26,636	(5,521,574)	(1,659,608)	-	(1,659,608)
Shareholder's funds		6,555,453	(26,636)	(6,528,817)	1,340,880	-	(1,340,880)

22 Explanation of transition to IFRSs (continued)

Reconciliation of comprehensive income for the year ended 31 December 2012

	Note	Previous GAAP	Effects of transition to IFRSs	IFRSs
		£	£	£
Income				
Revenue		1,925,845	-	1,925,845
Cost of sales		(440,098)	-	(440,098)
Gross profit		1,485,747		1485,747
Expenses				
Administrative expenses	a	(5,543,097)	(26,636)	(5,569,733)
Operating loss		(4,057,350)		(4,083,986)
Investment revenue		34,152	-	34,152
Loss before income tax		(4,023,198)		(4,049,834)
Income tax (charge)/rebate		187,868		187,868
Loss for the year		(3,835,330)		(38,61,966)
Other comprehensive income		-	-	-
Total comprehensive expense for the year		(3,835,330)	(26,636)	(3,861,966)

Notes to reconciliations

(a) Property, plant and equipment

In accordance with IAS 37, the company has elected to recognise a provision in respect of the decommissioning of modifications made to the leasehold premises. An asset for an equivalent amount has been recognised and is amortised over the remaining lease period of 5 years.

	31 December 2012	1 January 2012
	£	£
Statement of financial position		
Book value reported	70,830	-
Accumulated depreciation	(4,722)	-
Net book value	66,108	-
Impairment	-	-
Valuation as at year end	66,108	-

22 Explanation of transition to IFRSs (continued)

Notes to reconciliations (continued)

(b) Holiday Accruals

As prescribed by the IAS 19, the Company has made a retrospective provision in relation to the unused holiday at the period end. The effect is to increase the loss by £21,914 for the year ended 31 December 2012.

(c) Retained earnings

	31 December 2012 £	1 January 2012 £
Retained earnings reported under previous GAAP	(5,494,938)	(1,659,608)
Holiday accruals	(21,914)	-
Amortisation of decommissioning asset	(4,722)	-
	5,521,574	(1,659,608)

23 Controlling party

The directors regard Funding Circle Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales, as the immediate and ultimate parent company. The Company do not have a single controlling party.

24 Contingent Liabilities

There are no contingent liabilities at the balance sheet date.

25 Post balance sheet events

There are no post balance sheet events requiring disclosure in these financial statements.