

Registered number  
08632552

**Crossco (1337) plc**  
**Report and Accounts for the 8 month period ended 31 March 2015**

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**Crossco (1337) plc**  
**Registered number: 08632552**

**Company Information**

**Directors**

A W Thomson (Chairman)  
J Hogan  
J V Deane  
P D Jackson  
D J McCarthy  
Lord J F McFall (resigned 31 March 2015)  
M T Mullen  
B C Rosewell

**Secretary**

S Hodgson

**Auditors**

PricewaterhouseCoopers LLP  
Central Square South  
Orchard Street  
Newcastle upon Tyne  
NE1 3AZ

**Bankers**

Lloyds Bank  
City Office  
PO Box 72  
Gillingham Business Park  
Kent  
ME8 0LS

**Solicitors**

Bond Dickinson LLP  
St Ann's Wharf  
112 Quayside  
Newcastle upon Tyne  
NE1 3DX

**Registered office**

Northumbria House  
Aykley Heads  
Durham  
DH1 5TS

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**Crossco (1337) plc**  
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## **Strategic Report**

The company's strategic plan sets out a proposal to develop a digital bank offering services to personal and business customers.

### **Key Performance Indicators (KPIs)**

The company's directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance and position of the company at this stage.

### **Principal risks and uncertainties**

Post the period end date, the company began the process of raising the working and regulatory capital to complete the initial build of the bank and to launch. The company's directors remain confident that adequate capital will be raised to pursue its business plan.

In addition the bank is focussed on delivery of software / systems to enable it to supply its proposed services.

This report was approved by the board on 3<sup>rd</sup> July 2015 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'Mark Mullen', with a long horizontal line extending to the right.

**Mark Mullen**  
**Director**

## **Directors' Report**

The directors present their report and accounts for the 8 month period ended 31 March 2015.

### **Principal activities**

The company's principal activity during the period was that of preparing an application to obtain a UK banking licence in order to provide banking services and to create the capability to provide banking services once authorised.

### **Review of the business**

The business raised further capital during the period to invest in developing its banking proposition and submitted its application to the UK banking regulators for deposit taking permissions on 17 December 2014. After the period end date, the company was notified that this application has been successful.

### **Change of accounting reference date**

The company changed its accounting reference date from 31 July to 31 March during the period. Amounts presented for current and prior periods are not directly comparable as a result of this change.

### **Events since the balance sheet date**

On 23rd June 2015 the company became an authorised deposit taker in the UK (FCA firm reference number 661960). The authorisation is initially restricted (AWR) to a maximum of £50,000 of deposits and the company has until 23<sup>rd</sup> June 2016 to fully mobilise the bank and have this restriction removed.

Post the period end date, the company began the process of raising the working and regulatory capital to complete the initial build of the bank and to launch its first products.

### **Research and development**

The company has invested in developing its customer experience, which is reflected in an intangible asset on its balance sheet. Some of this expenditure qualifies for HMRC Research and Development tax credits (see note 5).

### **Financial risk management**

The Directors' assessment and approach to financial risk management are detailed in note 19 of these accounts.

## **Directors' Report (cont'd)**

### **Directors**

The following persons served as directors during the period and up to the date of approval of the Report and Accounts.

A W Thomson (Chairman)  
J Hogan (appointed 22 September 2014)  
J V Deane  
P D Jackson (appointed 22 September 2014)  
D J McCarthy  
Lord J F McFall (appointed 22 September 2014, resigned 31 March 2015)  
M T Mullen (appointed 22 September 2014)  
B C Rosewell (appointed 22 September 2014)

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

Each person who was a director at the time this report was approved confirms that:

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

### **Employment of disabled persons**

The company does not discriminate against any person on the grounds of disability.

### **Statement of Directors' responsibilities**

The directors are responsible for preparing the Directors' and Strategic report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- make judgements and estimates that are reasonable and prudent;

**Directors' Report (cont'd)**

- prepare the accounts 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 accounts 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the board on 3<sup>rd</sup> July 2015 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'Mark Mullen', with a large loop at the start and a long horizontal stroke at the end.

**Mark Mullen**  
**Director**

## **Independent Auditors Report to the Members of Crossco (1337) plc**

### **Report on the financial statements**

#### Our opinion

In our opinion, Crossco (1337) plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss and cash flows for the 8 month period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### What we have audited

Crossco (1337) plc's financial statements comprise:

- the Statement of Financial Position as at 31 March 2015;
- the Statement of Comprehensive Income for the period then ended;
- the Statement of Cash Flows for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union. In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

### **Other matters on which we are required to report by exception**

#### Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.



**Independent auditors report to the members of Crossco (1337) plc (contd.)**

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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

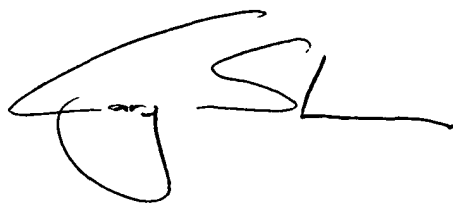
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

**Crossco (1337) plc**  
**Registered number: 08632552**

**Independent auditors report to the members of Crossco (1337) plc (contd.)**

In addition, we read all the financial and non-financial information in the Report and Accounts 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.

A handwritten signature in black ink, appearing to read 'Gary Shaw', with a large, stylized 'S' and 'L' following the name.

**Gary Shaw (Senior Statutory Auditor)**  
for and on behalf of:

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
3<sup>rd</sup> July 2015

**Crossco (1337) plc**  
**Registered number: 08632552**

**Statement of Comprehensive Income**  
**for the period from 1 August 2014 to 31 March 2015**

	Notes	8 months to 31 March 2015 £	12 months to 31 July 2014 £
Administrative expenses		(6,496,661)	(816,444)
Operating loss	2	<u>(6,496,661)</u>	<u>(816,444)</u>
Finance income		12,284	267
<b>Loss on ordinary activities before taxation</b>		<b><u>(6,484,377)</u></b>	<b><u>(816,177)</u></b>
Income tax credit	5	613,506	-
<b>Loss for the financial period</b>		<b><u>(5,870,871)</u></b>	<b><u>(816,177)</u></b>
<b>Total comprehensive loss for the financial period</b>		<b><u>(5,870,871)</u></b>	<b><u>(816,177)</u></b>

**Continuing operations**

None of the company's activities were acquired or discontinued during the above period.

**Statement of Financial Position  
as at 31 March 2015**

	Notes	31 March 2015 £	31 July 2014 £
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	6	5,594,717	458,286
Property, plant and equipment	7	<u>357,074</u>	<u>66,174</u>
		<b>5,951,791</b>	<b>524,460</b>
<b>Current assets</b>			
Trade receivables	8	37,499	37,529
Accrued income	9	613,506	-
Prepayments	10	306,472	-
Cash and cash equivalents		<u>5,181,833</u>	<u>2,297,634</u>
		<b>6,139,310</b>	<b>2,335,163</b>
<b>Total assets</b>		<b>12,091,101</b>	<b>2,859,623</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	<u>(3,067,745)</u>	<u>(517,261)</u>
<b>Total liabilities</b>		<b>(3,067,745)</b>	<b>(517,261)</b>
<b>Net assets</b>		<b>9,023,356</b>	<b>2,342,362</b>
<b>Equity</b>			
Called up share capital	12	50,280	50,107
Share premium account	13	15,557,220	3,108,432
Share based payments	17	102,904	-
Retained earnings		(6,687,048)	(816,177)
<b>Total equity</b>		<b>9,023,356</b>	<b>2,342,362</b>

The financial statements on pages 11 to 26 were approved by The Board on 3<sup>rd</sup> July 2015 and signed on its behalf by



**Mark Mullen**  
**Director**

**Crossco (1337) plc**  
**Registered number: 08632552**

**Statement of Changes in Equity**  
**for the period from 1 August 2014 to 31 March 2015**

	Share capital £	Share premium £	Share based payments £	Retained earnings £	Total equity £
<b>Balance as at 31 July 2013</b>	-	-	-	-	-
Shares issued, net of expenses	50,107	3,108,432	-	-	3,158,539
Loss for the year	-	-	-	(816,177)	(816,177)
<b>Balance as at 31 July 2014</b>	<b>50,107</b>	<b>3,108,432</b>	-	<b>(816,177)</b>	<b>2,342,362</b>
Shares issued, net of expenses	173	12,448,788	-	-	12,448,961
Share based payments	-	-	102,904	-	102,904
Loss for the period	-	-	-	(5,870,871)	(5,870,871)
<b>Balance as at 31 March 2015</b>	<b>50,280</b>	<b>15,557,220</b>	<b>102,904</b>	<b>(6,687,048)</b>	<b>9,023,356</b>

**Statement of Cash Flows**  
**for the period from 1 August 2014 to 31 March 2015**

	Notes	8 months to 31 March 2015 £	12 months to 31 July 2014 £
<b>Cash outflows from operating activities</b>			
Operating loss		(6,496,661)	(816,444)
Depreciation and amortisation		142,704	2,643
Decrease/ (increase) in trade receivables		30	(37,529)
Increase in prepayments		(306,472)	-
Non-cash expense - rent		102,904	-
Increase in trade and other payables		2,550,484	517,261
Cash used in operations		(4,007,011)	(334,069)
<b>Net Cash used in operating activities</b>		<b>(4,007,011)</b>	<b>(334,069)</b>
<b>Cash flows from investing activities</b>			
Interest received		12,284	267
Purchases of intangible fixed assets	6	(5,237,412)	(458,286)
Purchases of property, plant and equipment	7	(332,623)	(68,817)
<b>Net cash outflows from investing activities</b>		<b>(5,557,751)</b>	<b>(526,836)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		12,448,961	3,158,539
<b>Net cash inflows from financing activities</b>		<b>12,448,961</b>	<b>3,158,539</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,884,199</b>	<b>2,297,634</b>
Cash and cash equivalents at beginning of the financial period		2,297,634	-
<b>Cash and cash equivalents at the end of the financial period</b>		<b>5,181,833</b>	<b>2,297,634</b>

**Notes to the Accounts**  
**for the period from 1 August 2014 to 31 March 2015**

**1 Accounting policies**

**Basis of preparation**

The accounts have been prepared under the historical cost convention and in accordance with applicable IFRSs as adopted by the European Union and the Companies Act 2006. This represents a change from the year ended 31 July 2014 when the accounts were prepared under United Kingdom Generally Accepted Accounting Practice and the Companies Act 2006.

There have been no material changes to the financial statements as a result of the change in accounting policy.

**Depreciation and amortisation**

Property, plant and equipment are stated at cost less accumulated depreciation and any provisions for impairment. Historical cost includes expenditure that is directly attributable to the cost of the assets.

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings: depreciated over 7 -25 years on a straight line basis dependent on the estimated useful life of each item.

Office and IT equipment: 33% straight line basis.

Internally generated software will be amortised over 7 years on a straight line basis once brought into use. Third party software licenses that have been capitalised are amortised in equal annual instalments over their estimated economic life once they are brought into use. Amortisation is recorded within Administrative expenses in the Statement of Comprehensive Income.

The banking license is assumed to have an indefinite life as there is no foreseeable limit to the period over which the asset is expected to generate benefits for the business. Costs relating to obtaining this asset are held at cost and are not being amortised.

An annual impairment review has taken place using an estimate of the fair value less costs to sell for the business. It was decided that no impairments were required during the period as the assets are still being built. In the case of the banking licence, the Directors have reviewed future cash flows to the business and believe that the costs are fully recoverable, with significant headroom in addition.

**Notes to the Accounts (continued)**  
**for the period from 1 August 2014 to 31 March 2015**

**Research and development expenditure**

Research expenditure is written off to the income statement in the period in which it is incurred, development expenditure is also written off to the income statement, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised and amortised over the period in which the company is expected to benefit. This expected period is detailed in the amortisation policy detailed above.

**Deferred taxation**

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred tax is calculated at the tax rates that are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates.

**Financial assets and liabilities**

Trade receivables are categorised as 'loans and receivables' are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Trade payables are categorised as 'financial liabilities at amortised cost', are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Going concern**

Following a review of the business plan including an assessment of the cash flow forecasts and future capital raising activities the accounts have been prepared on the going concern basis.



**Notes to the Accounts (continued)**  
**for the period from 1 August 2014 to 31 March 2015**

**2. Operating loss**

	Notes	8 months to 31 March 2015 £	12 months to 31 July 2014 £
This is stated after charging:			
Depreciation and amortisation of owned assets		142,704	2,643
Share based payments - rent	17	102,904	-
Auditors' remuneration for audit of the company's financial statements		18,800	10,000
Auditors' remuneration for other services		<u>124,470</u>	<u>73,200</u>

The auditors' other services during the period comprised work on the company's ILAA and ICAAP and capital raise (£111,270) and advice on staff share schemes (£13,200).

**3. Directors' emoluments**

Total Directors' emoluments	8 months to 31 March 2015 £	12 months to 31 July 2014 £
Salaries	822,409	54,019
Pension contributions	31,600	1,533
Social security and other	106,523	9,025
	<u>960,532</u>	<u>64,577</u>

Number of directors in company pension schemes	8 months to 31 March 2015 Number	12 months to 31 July 2014 Number
Defined contribution scheme	<u>2</u>	<u>1</u>

Highest paid Director	8 months to 31 March 2015 £	12 months to 31 July 2014 £
Salaries	172,000	54,019
Pension contributions	19,933	1,533
Social security and other	23,004	9,025
	<u>214,937</u>	<u>64,577</u>

**Notes to the Accounts (continued)**  
**for the period from 1 August 2014 to 31 March 2015**

**4. Staff costs**

	<b>8 months to 31 March 2015</b>	<b>12 months to 31 July 2014</b>
	<b>£</b>	<b>£</b>
Salaries	2,635,346	341,067
Pension contributions	206,697	11,300
Social security and other	335,380	45,589
	<b>3,177,423</b>	<b>397,956</b>

<b>Average monthly number of employees during the year</b>	<b>8 months to 31 March 2015</b>	<b>12 months to 31 July 2014</b>
	<b>Number</b>	<b>Number</b>
Business Banking	3	-
Customer Service	1	-
Executive Office	2	-
Finance	4	-
Innovation and Operations	4	-
Marketing and Propositions	4	-
People and Customer Experience	4	-
Programme Management	1	-
Risk	3	-
Technology	5	1
	<b>31</b>	<b>1</b>

<b>Key management personnel compensation</b>	<b>8 months to 31 March 2015</b>	<b>12 months to 31 July 2014</b>
	<b>£</b>	<b>£</b>
Salaries	736,291	174,181
Pension contributions	80,752	7,650
Social security and other	96,759	20,865
	<b>913,802</b>	<b>202,696</b>

Key management personnel are defined as those on the Executive Committee, excluding any directors, for whom amounts have been separately disclosed in note 3 of the accounts.

**Notes to the Accounts (continued)**  
**for the period from 1 August 2014 to 31 March 2015**

**5 Taxation**

	Notes	8 months to 31 March 2015 £	12 months to 31 July 2014 £
Loss on ordinary activities before tax		(6,484,377)	(816,177)
Standard rate of corporation tax		21%	21%
Loss on ordinary activities multiplied by standard rate of corporation tax		<u>(1,361,719)</u>	<u>(171,397)</u>
Effects of:			
Adjustments in respect of prior periods	9	73,028	-
Research and development tax credits	9	540,478	-
Other short term timing differences		1,361,719	171,397
<b>Total tax charge for the period</b>		<u><b>613,506</b></u>	<u><b>-</b></u>

**Factors affecting future tax charges**

From 1 April 2015 the UK corporation tax rate will fall from 21% to 20%. This has no immediate impact for the company, however it should result in lower tax charges as and when it becomes profitable and all carried forward trading losses are utilised.

**Deferred tax**

Based on their interpretation of the timing and level of existing taxable timing differences, the Directors have concluded that it is not appropriate to recognise a deferred tax asset at the balance sheet date. Were it to be recognised, it would have an estimated value of £1,356,973 (being £6,784,864 of trading losses carried forward taxed at the expected rate of 20%). These timing differences may be recognised in the future as taxable profits arise.

**Notes to the Accounts (continued)**  
**for the period from 1 August 2014 to 31 March 2015**

**6 Intangible assets**

	<b>Banking License</b>	<b>Software / IT</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost/ deemed cost at transition to IFRS</b>			
As at 1 August 2014	316,080	142,206	458,286
Additions	<u>673,733</u>	<u>4,563,679</u>	<u>5,237,412</u>
<b>As at 31 March 2015</b>	<b><u>989,813</u></b>	<b><u>4,705,885</u></b>	<b><u>5,695,698</u></b>
<b>Amortisation</b>			
As at 1 August 2014	-	-	-
Charge for the period	<u>-</u>	<u>100,981</u>	<u>100,981</u>
<b>As at 31 March 2015</b>	<b><u>-</u></b>	<b><u>100,981</u></b>	<b><u>100,981</u></b>
<b>Net Book Value</b>			
<b>As at 31 March 2015</b>	<b><u>989,813</u></b>	<b><u>4,604,904</u></b>	<b><u>5,594,717</u></b>
<b>Net Book Value</b>			
As at 31 July 2014	<u>316,080</u>	<u>142,206</u>	<u>458,286</u>

Please note that due to an error in the column headings within the statutory accounts for the period ended 31 July 2014 the carried forward amounts were incorrectly labelled. Closing net book values of £316,080 for software/ IT and £142,206 for the banking licence should have read £142,206 for software/ IT and £316,080 for the banking licence.

**Notes to the Accounts (continued)**  
**for the period from 1 August 2014 to 31 March 2015**

**7 Property, plant & equipment**

	Fixtures and Fittings £	Office/ IT Equipment £	Total £
<b>Cost/ deemed cost at transition to IFRS</b>			
As at 1 August 2014	-	68,817	68,817
Additions	158,638	173,985	332,623
<b>As at 31 March 2015</b>	<b>158,638</b>	<b>242,802</b>	<b>401,440</b>
<b>Depreciation</b>			
As at 1 August 2014	-	2,643	2,643
Charge for the period	4,582	37,141	41,723
<b>As at 31 March 2015</b>	<b>4,582</b>	<b>39,784</b>	<b>44,366</b>
<b>Net book value</b>			
<b>As at 31 March 2015</b>	<b>154,056</b>	<b>203,018</b>	<b>357,074</b>
<b>Net Book Value</b>			
As at 31 July 2014	-	66,174	66,174

**8 Trade receivables**

	31 March 2015 £	31 July 2014 £
Other trade receivables - called up share capital	37,499	37,529
	<b>37,499</b>	<b>37,529</b>

**9 Accrued income**

The company has accrued £613,506 in respect of sums expected to be payable by HM Revenue & Customs in respect of R&D tax credits. £73,028 of this relates to a claim for the period ended 31 July 2014, which was approved and paid in April 2015. The remaining £540,478 is the estimated sum due in respect of the period ended 31 March 2015.

**Crossco (1337) plc**  
**Registered number: 08632552**

**Notes to the Accounts (continued)**  
**for the period from 1 August 2014 to 31 March 2015**

**10 Prepayments**

	<b>31 March 2015</b>	<b>31 July 2014</b>
	<b>£</b>	<b>£</b>
Rates on premises	48,560	-
IT consumables	38,746	-
Software maintenance	200,833	-
Website hosting	18,333	-
	<b>306,472</b>	<b>-</b>

**11 Trade and other payables**

	<b>31 March 2015</b>	<b>31 July 2014</b>
	<b>£</b>	<b>£</b>
Trade creditors	835,616	241,838
Other taxes and social security costs	180,718	62,643
Accrued pension costs	50,808	15,340
Accruals and deferred income	2,000,603	197,440
	<b>3,067,745</b>	<b>517,261</b>

**Notes to the Accounts (continued)**  
**for the period from 1 August 2014 to 31 March 2015**

**12 Called up share capital**

	<b>Nominal value</b>	<b>31 March 2015 Number</b>	<b>31 March 2015 £</b>
Allotted and called up:			
Ordinary shares (fully paid)	£0.00001 each	27,135,090	280
Preference shares (partly paid 25p)	£1 each	50,000	50,000
		<b>27,185,090</b>	<b>50,280</b>
Shares issued during the period:			
Ordinary shares (fully paid)	£0.00001 each	17,253,090	173
Preference shares (partly paid 25p)	£1 each	-	-
		<b>17,253,090</b>	<b>173</b>
	<b>Nominal value</b>	<b>31 July 2014 Number</b>	<b>31 July 2014 £</b>
Allotted and called up:			
Ordinary shares (fully paid)	£0.00001 each	9,882,000	107
Preference shares (partly paid 25p)	£1 each	50,000	50,000
		<b>9,932,000</b>	<b>50,107</b>
Shares issued during the period:			
Ordinary shares (fully paid)	£0.00001 each	9,882,000	107
Preference shares (partly paid 25p)	£1 each	50,000	50,000
		<b>9,932,000</b>	<b>50,107</b>

Ordinary shares have full voting rights attached, save that, irrespective of the number of shares held by CF Woodford Equity Income Fund, it will hold a maximum of 19.5% of the voting rights in the company.

Preference shares do not hold any voting rights in the company nor do they carry rights to dividends but they do carry rights of redemption.

**13 Share premium account**

	<b>31 March 2015 £</b>	<b>31 July 2014 £</b>
Share premium issued	16,348,067	3,408,432
Expenses of issue of shares	(790,847)	(300,000)
<b>As at end of period</b>	<b>15,557,220</b>	<b>3,108,432</b>

**Crossco (1337) plc**  
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**Notes to the Accounts (continued)**  
**for the period from 1 August 2014 to 31 March 2015**

**14 Analysis of changes in net debt**

	As at 31 July 2014 £	Cash Flow £	Non-Cash Changes £	As at 31 March 2015 £
Cash and cash equivalents	<u>2,297,634</u>	<u>2,884,199</u>	-	<u>5,181,833</u>
Total	2,297,634	2,884,199	-	5,181,833

**15 Post balance sheet events**

On 23rd June 2015 the company became an authorised deposit taker in the UK (FCA firm reference number 661960). The authorisation is initially restricted (AWR) to a maximum of £50,000 of deposits and the company has until 23<sup>rd</sup> June 2016 to fully mobilise the bank and have this restriction removed.

Post the period end date, the company began the process of raising the working and regulatory capital to complete the initial build of the bank and to launch its first products.

**16 Pension scheme**

The company runs a defined contribution scheme only. Company contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. Pension costs of £206,697 were expensed during the 8 month period to 31<sup>st</sup> March 2015 (12 months ended 31 July 2014: £11,300).

Company contributions totalling £181,167 were made during the period (12 months ended 31 July 2014: £nil). £36,831 was accrued at 31 March 2015 to be paid during April 2015.

**17 Other financial commitments**

At the period end the company had no commitments to make minimum lease payments under non-cancellable operating leases.

However, Durham County Council, County Hall, Durham DH1 5UE, have agreed to receive 151,766 shares in the company, to the value of £154,356, in lieu of payment of rent on the Northumbria House premises situated at Aykley Heads Durham, DH1 5TS for the period 28 July 2014 to 27 July 2015. The first issuance of shares under this



**Notes to the Accounts (continued)**  
**for the period from 1 August 2014 to 31 March 2015**

agreement will be in September 2015. £102,904 was charged to the income statement during the period ended 31 March 2015 in respect of this agreement.

Agreements are also in place with Onyx Group for the continued supply of a website hosting service for the remainder of a 12 month commitment totalling £87,141 and for Truststream for the amount of £22,932 to provide 12 months security protection for the company email system.

**18 Contingent liabilities**

The company has entered into agreements that will trigger £153,876 of payments once the company achieves Authorisation with Restrictions from the UK Banking regulators. These costs relate to professional services performed during the financial period.

In addition, on obtaining Authorisation with Restrictions the company will be required to purchase a website license valued at £128,520 from a third party marketing agency that has purchased the license on behalf of the company. Payments will be made in nine equal monthly instalments.

Given that the award of Authorisation with Restrictions will release further committed equity funding, these commitments do not impact on the statement of going concern for the business.

**19 Financial instruments and Risk Management**

Categories of financial assets and liabilities

As stated in note 1 of these accounts, the company's financial assets are all recorded as loans and receivables and financial liabilities are all recorded as liabilities at amortised cost.

Credit risk

The company is owed £37,499 from the Chairman in respect of unpaid preference shares. This has not been impaired nor is it past its due date.

Exposures to counterparties are monitored by management, which does not expect any losses from non-performance.

Capital management

The company's capital is composed of ordinary and preference shares and a share based payment reserve, net of accumulated losses, as detailed on page 12 of these accounts.



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**Notes to the Accounts (continued)**  
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The Directors closely monitor the capital position of the company in line with the business plan to ensure that the company has an optimum level of capital and has held, and will continue to hold, discussions with current and potential investors to ensure this is achieved.

**20 Ultimate controlling party**

There is no controlling party.