TRU | FIN

ANNUAL REPORT AND ACCOUNTS

For the year ended 31 December 2017

TRU | FIN ANNUAL REPORT AND ACCOUNTS 2017

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COMPANY INFORMATION
For the year ended 31 December 2017

Directors	Simon Henry Kenner (Chairman & Chief Executive Officer) James van den Bergh (Deputy Chief Executive Officer) Raxita Kapashi (Chief Financial Officer) Steve Baldwin (Senior Independent Non-Executive Director) Peter Whiting (Non-Executive Director) Penny Judd (Non-Executive Director) Paul Dentskevich (Non-Executive Director)
Company Secretary	Ocorian Secretaries (Jersey) Limited
Registered Office	26 New Street St Helier Jersey JE2 3RA
Business Address	4 Bentinck Street London W1U 2EF
Registered Number	125245
Auditor	Deloitte LLP 2 New Street Square London EC4A 3BZ
Nominated Advisor and Broker	Macquarie Capital (Europe) Limited Ropemaker Place 28 Ropemaker Street London EC2Y 9HD
Advisors	Travers Smith LLP (Solicitors – UK law) 10 Snow Hill London EC1A 2AL Ogier (Solicitors – Jersey law) 44 Esplanade St Helier Jersey JE4 9WG Equiniti (Jersey) Limited (Registrar) 26 New Street St Helier Jersey JE2 3RA

TruFin plc ordinary shares were listed on the Alternative Investment Market of the London Stock Exchange on 21 February 2018.

CHAIRMAN'S STATEMENT
For the year ended 31 December 2017

Welcome to TruFin!

Well what a year and what a future! On behalf of the Board of Directors I want to welcome you to TruFin.

Given this is our first annual report, I have focused on the inaugural results for 2017 and also outline our mission and strategy. And so, while the Group is nascent and the results reflect this, our focused strategy together with the wealth of experience and talent that resides within the Group will be the drivers for our growth going forward.

The Group currently operates under three separate businesses, each of which has a seasoned operational management team:

- Distribution Finance Capital Ltd ("DFC"): distribution and supply chain finance
- Satago Financial Solutions Limited ("Satago"): invoice/receivables and working capital finance
- Oxygen Finance Group Limited ("Oxygen"): early payment programmes

TruFin Group also holds an investment of c. 15% stake in Zopa, a leading UK consumer peer-to-peer lender.

The Directors believe that each business is set to scale, having already had significant investment in product, people and routes to market. The stock market listing was an important step in enabling us to secure the funding and capital to support the initial balance sheet growth of these businesses.

Our Performance

Aside from the creation of the Company and preparation for the stock market listing, 2017 was a year which saw the businesses develop materially in terms of client penetration. Oxygen continued its impressive record of customer acquisitions whilst DFC and Satago began lending to customers in earnest.

Demand in each of our businesses was strong throughout the year and we have seen this continue post year end.

Oxygen

- Oxygen continued to make significant progress in the public sector with several notable wins including that of NHS Wales and also in the private sector where it signed its first FTSE client in February 2018
- Revenue grew to £2.4 million for the full year, representing growth of over 65% year-on-year
- Oxygen secured contracts with significant new clients resulting in total annual procurement spend under contract moving to over £11 billion annually by the year end representing annualised growth of over 85%

During the year Oxygen introduced a new client contracting approach moving from a 'two stage' (assessment then implementation) approach to a 'straight to contract' model (thereby the assessment is part of the ongoing contract). Whilst this resulted in a reduction of assessment fees in the second half, the revised model results in a shorter sales cycle with transactional revenue generation being brought forward – the benefits of which should be seen in 2018 and beyond.

DFC and Satago

- Combined loans and advances to customers were approaching £33 million at 31 December 2017 representing growth in excess of 185% in the second half

- Combined revenue grew to £1.3 million for the year ended 31 December 2017, highlighting the growth trajectory of these companies

- DFC's application for a UK banking licence is progressing well

DFC commercial lending, which provides manufacturers with finance for their supply chain formally launched in March 2017. The customer reception was impressive and DFC is now rolling out the product in a disciplined manner to a wider customer base. As at 31 December 2017, DFC had signed up 26 manufacturers and 246 dealers onto its programmes, with 163 of those dealers active.

Operating expenses grew over the period, driven by new hires and professional services costs arising from, inter alia, its banking application to the regulatory authorities.

There were a minimal amount of actual defaults or credit losses during the period.

Satago Solutions Limited (renamed TruFin Software Limited), a provider of financial software, was acquired during the year. Its state of the art technology powers Satago's invoice finance and working capital business. The benefits of the acquisition are beginning to become evident with increased customer acquisitions and the Directors are confident of further positive developments during 2018.

Zopa

During the year, the investment in Zopa has continued to perform in-line with their growth plans and this has resulted in an upward revaluation of £2.6million to £36.5million.

Our Strategy

Our strategy is to operate and create a stable of niche lenders and early payment providers with a primary focus on Europe. TruFin Group has begun that journey and sees the landscape in which it operates as one in which the opportunity set is not only wide, but also deep.

The Directors stated during the stock market listing process that its key objective for 2018 would be to deliver to shareholders a roadmap of ambition and a demonstrable record of execution. To that end the Directors are focused on ensuring that the existing businesses deliver on their business plans.

Our Outlook

The Directors believe that the short to medium term organic growth opportunities for all of the businesses are strong. The Directors are particularly encouraged that demand for the TruFin Group's services continues to increase, demonstrating that its customers are keen to find new sources of finance and new ways to manage their cash flow and treasury functions. Helpfully, the regulatory backdrop is supportive for new entrants and new products and TruFin Group's capacity to grow will be significantly enhanced by DFC and Zopa being awarded bank licences. Whilst this is not confirmed the application process is in an advanced state and the Directors are confident of a successful outcome.

So, in summary, I would like to thank all of those who have embarked on the TruFin journey together with those who helped us to get to the starting blocks. We look forward to 2018 with optimism and excitement.

Henry Kenner
Chairman and Chief Executive Officer
15 May 2018

Goals and Objectives

The strategic goal is to operate and create a stable of niche lenders and payment providers whether through organic growth or acquisition.

The Directors believe that each of the current businesses operates in attractive niche markets with the commensurate benefits associated with high sustainable returns. TruFin Group's flexible product offerings, focus on customer service and the delivery of extremely effective technology allows it to address challenges of scalability and increased customer acquisition costs. As such TruFin Group is committed to continue investing in both its people and technology.

To achieve the strategic goal, the first deliverable is to demonstrate to the shareholders and customers that the business strategy as applied to the existing businesses can deliver for all interested parties. As such, the focus of the management teams' efforts is on optimising the performance of the existing businesses.

At present, the Directors continue to believe that the individual businesses will flourish optimally through organic growth. However, the Directors will also continue to monitor acquisition opportunities that arise in the normal course of business.

The Directors have the following strategic objectives for each business:

Oxygen's future objectives and strategy

Oxygen will continue to build new client and supplier relationships which, given the operational gearing in the business, are expected to lead in turn to profitability and enhanced performance.

The Directors believe that Oxygen's product offering is well developed, robust and scalable. Oxygen's objective is to sign up more customers, sell more product to existing customers and benefit from inherent operational gearing. In order to attract more customers, Oxygen has invested in expanding its sales and onboarding teams.

In the medium term, Oxygen aims to continue its expansion in the UK public sector including with smaller councils and through further expansion into the NHS and Central Government. Simultaneously, Oxygen will pursue growth in the corporate sector, initially targeting large corporates with similar characteristics to the public sector.

Further, Oxygen will aim to sell products from other TruFin Group companies (for example, invoice financing) to existing customers, where appropriate and beneficial to customers.

DFC's future objectives and strategy

DFC will continue to build its book of distribution finance assets via established client relationships and continues to pursue a banking licence. As specified in its Regulatory Business Plan, DFC will launch a leasing product suite for the dealer-to-consumer leg of each business vertical in which it is operates. This will complement the wider working capital product offering.

DFC is applying for a bank licence in order to quickly scale its balance sheet and provide a wider range of defined products across the SME and consumer lending environment. The Directors' current working assumption is that, if successful, DFC will receive its bank licence by 1 January 2019.

From the successful stock market listing proceeds, £36 million has been earmarked to enable DFC to execute its business plan.

Satago's future objectives and strategy

Satago will target origination of high yielding short-dated working capital assets, while managing risk via a superior understanding of the credit risk of prospective counterparties provided by its advanced technology and fully integrated customer business model.

Satago's strategy for effecting this is to focus on building the right strategic partnerships to drive lead generation and to use its technology platform to take advantage of any disruptive trends in the industry.

The Directors recognise that Satago needs to extend its product range and continue enhancing its proprietary technology. This will enable Satago to increase its customers' satisfaction and to explore opportunities presented by, inter alia, regulatory change and the demand for advanced receivables finance and short-term working capital loans.

Zopa

Zopa is a technology-led financial services innovator and is currently a leading UK consumer peer-to-peer lender.

Since inception in 2005, Zopa's platform has originated over £2.6 billion of unsecured loans (of which £1.3 billion were outstanding as at 31 December 2017), connecting over 320,000 customers to 70,000 investors.

Zopa plans to launch Zopa Bank to enable it to lend directly from its own balance sheet and offer customers a broader set of products (including deposits, credit cards and auto loans) and services. In doing so, it will significantly increase its addressable market and capture the full return from these loans, as opposed to solely a brokerage fee. Zopa is in the final stages of its bank licence application which is expected to be completed in 2018.

Through the TruFin Group's investment in Zopa (approximately 15%) the Directors' role is to monitor and give advice to Zopa as to their future strategy.

As at 31 December 2017, the holding in Zopa which is accounted for as investment was valued by an external independent valuer, at £36.5 million.

Technologically advanced

The Directors fundamentally believe that technology is the single biggest component in bringing the TruFin Group as the provider of finance closer to its current and future customers, the consumers of finance. As such, the Directors have placed great emphasis across the TruFin Group on building or utilising the latest technology to deliver products more effectively to its customers.

The TruFin Group has built leading edge proprietary technology that gives it a competitive advantage. The Directors believe that this will represent an increasingly important part of the TruFin Group's ability to satisfy the growing expectations of its existing and future customers. The Directors are therefore committed to ensuring continued investment in this area.

Key Performance Indicators

£'000	Year ended 31 December 2017	Year ended 31 December 2016
Gross Revenue	3,774	1,537
	As at 31 December 2017	**As at 31 December 2016**
Loan Book	32,709	870
KPIs (unaudited)		
DFC: # of Manufacturers signed up	26	9
DFC: # of Dealers on to programme	246	80
DFC: # of Active Dealers signed up	163	49
Oxygen: Clients' total annual procurement spend under contract	£11.3bn	£6.0bn

Principal Risks and uncertainties

Principal Risks are a risk or combination of risks that, given the Group's current position, could seriously affect the performance, future prospects or reputation of the Group. These risks could potentially threaten the businesses, performance, solvency or liquidity, or prevent the delivery of the strategic objectives. The Board has overall responsibility for ensuring that risk is appropriately managed across the Group.

As well as external reviews and audits from the Group's statutory auditors, the Group has internal checks and policies. Initial responsibility rests with the management team of each business for identifying and managing risks arising in their business areas. This is augmented by the Group's central compliance and finance function with responsibility for reporting to the Board.

The key risks identified and which the Board has reasonable expectation are appropriately mitigated are:

- **Strategic risk** – Strategic and business risk is the risk which can affect the Group's ability to achieve its corporate and strategic objectives. The risk on the performance of the Group arising from its strategic decisions, change in the business conditions, improper implementation of decisions or lack of responsiveness to industry changes. It is particularly important as the Group continues its growth strategy. Mitigating factors are: the Group will not put its core strategic and business objectives at a level of risk which is beyond its financial resources and operational capabilities; the Group will monitor, review and challenge its performance against strategy using key performance indicators; the Group is undergoing a strategic growth programme and as such will allocate resources appropriately within its available capacity.

- **Credit risk** – the risk of default, potential write-off, risk of financial loss arising from a borrower or counterparty failing to meet its financial obligations. This is mitigated by the Group adopting prescribed lending policies and adhering to strict credit and underwriting criteria specifically tailored to each business area. The loans issued are in most cases collateralised to a large extent and therefore the risk of loss is mitigated to the extent the Directors deem appropriate in accordance with the relevant risk policies.

- **Funding risk** – the risk of the Group not being able to meet its current and future financial obligations over time, specifically that funding is not available to meet the Group's growth targets. The Group has recently listed on the Alternative Investment Market of the London Stock Exchange, the proceeds of which are sufficient to meet the Group's current funding requirements. DFC is in the process of obtaining a banking licence which will enable it to raise funding from customer deposits.

- **Operational risk** – which is the risk of financial loss and/or reputational damage resulting from inadequate or failed internal processes, people and systems or from external events. Mitigants are:- the Group reviews its operational infrastructure to ensure that it is secure and fit for purpose. The Group will maintain a strong internal control environment.

Strict adherence to managing risk

The TruFin Group manages such risks, among other things, with robust systems and processes, guidelines and policies which are forward-looking, clearly articulated, documented and communicated throughout the businesses and which enable the accurate identification and control of potentially problematic transactions and events.

Due to DFC and Satago being lending businesses, they each have their own risk committees and formal risk procedures in place that aim to manage risk effectively. The systems and processes, guidelines and policies are continually reviewed and updated and effectively communicated to all personnel to ensure that resources, governance and infrastructure are appropriate for the increasing size and complexity of the business.

The TruFin Group manages the risks by making complex judgements, including decisions (based on assumptions about economic factors) about the level and types of risk that it is willing to accept in order to achieve its business objectives, the maximum level of risk the TruFin Group can assume before breaching constraints determined by liquidity needs and its regulatory and legal obligations, including, amongst other things, from a conduct and prudential perspective.

Funding

During the year, the TruFin Group extended credit facilities to DFC totalling £25 million. DFC signed an initial £40 million committed facility with a leading bank, which is expected to extend to £100 million in 2018. The Directors and DFC management intend that this financing, together with a portion of TruFin Group's listing proceeds, will fund DFC's loan book growth during 2018. It is assumed that DFC will raise retail deposits in early 2019, at which point it can begin to implement the anticipated banking model.

During the year, the TruFin Group extended facilities to Satago totalling £20 million; this facility is funding the next phase of Satago's development and loan book growth. The team continues to invest in the ongoing development of its proprietary technology platform and in securing strategic partnerships over the coming year.

The £45 million of inter-company facilities extended to DFC and Satago arise from existing cash assets of the TruFin Group. Other than the facility provided to DFC of which £9 million is drawn, as at 31 December 2017, no member of the Group had any external borrowings.

ON BEHALF OF THE BOARD

Henry Kenner
Chairman and Chief Executive Officer
15 May 2018

REPORT OF THE DIRECTORS

For the year ended 31 December 2017

The Directors present their report with the financial statements of the Company and the TruFin Group for the year ended 31 December 2017.

Principal activity

The principal activities of the TruFin Group in the year under review were those of providing niche lending and early payment services.

Dividends

The Directors' current intention is that, for the foreseeable future, the earnings of the TruFin Group will be reinvested in the business in order to fund the TruFin Group's oncoming growth strategy and therefore no dividends have been declared for the year to 31 December 2017.

Events since the end of the year

TruFin plc ordinary shares were listed on the Alternative Investment Market of the London Stock Exchange on 21 February 2018. Other information relating to events since the end of the year is given in the note 23 to the Financial Statements.

Directors

TruFin plc was incorporated on 29 November 2017.

The Directors who held office during the year and up to the date of the Directors' report were as follows:

Simon Henry Kenner	–	appointed 29 November 2017
James van den Bergh	–	appointed 29 November 2017
Raxita Kapashi	–	appointed 22 December 2017
Steve Baldwin	–	appointed 11 January 2018
Peter Whiting	–	appointed 11 January 2018
Penny Judd	–	appointed 11 January 2018
Paul Dentskevich	–	appointed 11 January 2018

At the year end Arrowgrass Master Fund Ltd ("Arrowgrass") owned 100% of TruFin plc.

Directors insurance and indemnities

Since 31 January 2018, the Company has maintained Directors and Officers liability insurance for the benefit of the Company, the Directors and its officers. The Directors consider the level of cover appropriate for the business and will remain in place for the foreseeable future.

Significant shareholders

As at 31 December 2017, TruFin plc was 100% owned by Arrowgrass Master Fund Ltd.

Statement of Directors' responsibility

The Directors are required by the Companies (Jersey) Law 1991, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping accounting records that are sufficient to show and explain the Company's transactions. These records must disclose with reasonable accuracy at any time the financial position of the Company and enable the Directors to ensure that any financial statements prepared comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

Statement of Going Concern

The directors have completed a final assessment of the Group's financial resources, including forecasts. Based on this review, the directors believe that the Group is well placed to manage its business risks successfully within the expected economic outlook.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Corporate Governance and Internal Controls

The Directors acknowledge the importance of high standards of corporate governance and adheres to the principles set out in the Quoted Companies Alliance ("QCA") Code.

In line with the QCA Code, the Board's performance and that of its Committees and individual Directors will be evaluated each year. The first evaluation is due to take place during 2018.

TruFin's Chairman of the Board, Henry Kenner, also fulfils the role of Chief Executive Officer and consequently participates in the running of the Company's day-to-day business. It is understood that this does not comply with the QCA code, but the Directors believe it is in the best interests of the Company and its Shareholders for Henry to carry out both of these roles.

The Board comprises three Executive Directors and four independent Non-Executive Directors.

Brief biographies of the Directors are set out below:

Henry Kenner – *Executive Chairman and Chief Executive Officer*

Henry possesses over 30 years of investment banking and capital markets experience. Henry co-founded Arrowgrass Capital Partners LLP in 2008 and was CEO until late 2017. Prior to that, Henry served as a Managing Director at Deutsche Bank. Henry has also worked as a Managing Director at Swiss Re Capital Management and at ABN Amro Hoare Govett having started his capital markets career at NatWest Markets. Henry qualified as a Chartered Accountant.

James van den Bergh – *Deputy Chief Executive Officer*

James possesses over 16 years of investment banking and capital markets experience. James led the alternative finance team at Arrowgrass Capital Partners since its inception in 2013 to its transfer to TruFin. James began his career at Merrill Lynch before transitioning into investment management in 2003. James was formerly a partner at SAC Capital Advisors, Walter Capital Management LLP and Ivaldi Capital LLP. James is a CFA Charterholder.

Raxita Kapashi – *Chief Financial Officer*

Raxita has over 20 years of experience in various senior finance roles. Most recently she was Head of Finance and Compliance at Inflexion Private Equity. Prior to that she was Head of Finance at Oakley Capital Limited. Raxita qualified as a Chartered Accountant.

Steve Baldwin – *Senior Independent Non-Executive Director*

Steve has an extensive corporate finance background and is currently a Non-Executive Director at Plus500 and Elegant Hotels Group plc and a Trustee at Howard de Walden Estate Limited. Steve was the Head of European Equity Capital Markets and Corporate Broking at Macquarie Capital until February 2015. Prior to this, Steve was a Director at JPMorgan Cazenove for ten years and was a Vice President of Corporate Finance at UBS from 1995 to 1998. Steve qualified as a Chartered Accountant.

Penny Judd – *Independent Non-Executive Director*

Penny has over 30 years of experience in Compliance, Regulation, Corporate Finance and Audit and is currently Chairman of Plus500. Penny was until June 2016, a Managing Director and EMEA Head of Compliance at Nomura International plc, a position she held for three years. Prior to this, Penny worked at UBS Investment Bank for nine years and held the position of Managing Director, EMEA Head of Compliance. Penny qualified as a Chartered Accountant.

Peter Whiting – *Independent Non-Executive Director*

Peter has over twenty years of experience as an investment analyst, specialising in the software and IT services sector. Peter joined UBS in 2000 and led its UK small and mid-cap research team. Between 2007 and 2011 Peter was Chief Operating Officer of UBS European Equity Research. Peter is currently the Senior Independent Director of FDM Group Limited and Microgen plc and a Non-Executive Director of Keystone Law Group plc.

Paul Dentskevich – *Independent Non-Executive Director*

Paul has over 30 years of financial services experience, specialising in risk management, investment management and corporate governance of hedge and other multi-asset funds. Paul is currently Risk Director at Crestbridge, having previously been at Brevan Howard, 2008 to 2015, where he was a member of the Manager's investment committee and sat on a number of boards. Paul has a PhD in Economics from Imperial College London.

Senior Management

Jason Rogers – *Chief Operating Officer*

Jason possesses over 20 years of investment banking and capital markets experience. Jason was involved with the alternative finance team at Arrowgrass Capital Partners from 2014. Jason has previously worked at Bennelong Asset Management, Ruby Capital Partners, Swiss Re, Deutsche Bank and Bankers Trust.

Our Committees

Subsequent to the year end, the Board established the Audit Committee, the Remuneration Committee and the Nomination Committee each with written terms of reference and agreed schedules of work.

(a) Audit Committee

The Audit Committee is chaired by Penny Judd. Its other member is Peter Whiting. The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It is responsible for monitoring the integrity of the Group's financial statements and oversight of the external audit. It will also monitor the effectiveness of the outsourced internal audit function and oversee this process.

(b) Remuneration Committee

The Remuneration Committee is chaired by Peter Whiting. Its other member is Steve Baldwin. The Remuneration Committee reviews the performance of the Company's Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment.

(c) Nomination Committee

The Nomination Committee is chaired by Steve Baldwin. Its other members are Penny Judd and Henry Kenner. The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board, performance of Board members, induction of new Directors, appointment of committee members and succession planning for senior management of the Company.

TruFin plc was admitted to the AIM market on 21 February 2018 and as such the Board Committees were established 11 January 2018. The committee meetings for 2018 have been scheduled and will take place accordingly.

Statement as to disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

The auditor, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

Henry Kenner
Chairman and Chief Executive Officer
15 May 2018

Opinion

In our opinion the financial statements:

- **give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;**
- **have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB)and**
- **have been properly prepared in accordance with Companies (Jersey) Law, 1991.**

We have audited the financial statements of TruFin plc (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Company Statements of Financial Position;
- the Consolidated and Company Statements of Changes in Equity;
- the Consolidated and Company Statements of Cash Flows; and
- the Notes 1 to 23 of the Consolidated Financial Statements.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union / as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key Audit Matters	The key audit matters that we identified in the current year were: • Revenue recognition; • Loan loss provisioning; • Recognition of the deferred tax asset in respect of the unutilised tax losses; and Valuation of the investment in Zopa Group Limited ("Zopa").
Materiality	The materiality that we used for the Group financial statements was £454,000 which was determined on the basis of 0.5% of shareholders' equity.
Scoping	The scope of our audit covered substantially all of the Group, with the following entities in scope in addition to the Parent Company: • Oxygen Finance Limited ("Oxygen"); • Distribution Finance Capital Ltd ("DFC"); and • Satago Financial Solutions Limited ("Satago").

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition	
Key audit matter description	The Group recorded total net revenue of £3,653,000 (2016: £1,471,000) for the year ended 31 December 2017 and, as detailed in the Principal Accounting Policies on pages 25 to 27, this comprises interest and fee income and expenses. Fee income is predominantly recognised in relation to payment services provided by Oxygen and accounts for approximately 65% of total revenue. There is a risk that fee income has been recorded in the year in respect of payment services that have not been performed or were performed after the year end. This risk increases as a result of client rebates which are made in the following month.
How the scope of our audit responded to the key audit matter	We evaluated the design and implementation of key controls over the recognition of fee income in Oxygen. For a sample of clients, we tested the monthly fee income recognised with reference to client contracts and performed cut-off testing to assess whether revenue recognised in the year related to payment services provided before the year end.
Key observations	We concluded that fee income in relation to payment services was recognised appropriately for the year ended 31 December 2017.
Loan Loss Provisioning	
Key audit matter description	As detailed in the summary of critical accounting judgements and estimates, the estimation of impairment provisions is inherently uncertain and requires significant management judgement. The key judgement in the assessment of the loan loss provision under IFRS 9 is the assessment of the loss given default for loans originated by DFC, being the estimation of sale proceeds for collateral held against these loans. Therefore, we have determined that there is a potential risk of error in or manipulation of this balance. As stated in note 14, the group has total loans and advances to customers of £32,835,000 (2016: £883,000) and a loss allowance of £126,000 (2016: £13,000), 0.4% (2016: 1.5%) of the total loans and advances to customers balance.
How the scope of our audit responded to the key audit matter	We evaluated the design and implementation of key controls over the calculation of expected credit losses for loans originated by DFC in accordance with IFRS 9. For a sample of loans, we independently verified the retail prices of assets held as collateral and challenged the discount applied to the valuation by management to reflect a forced sale and selling costs.
Key observations	Overall, we concluded that the loan loss provision is reasonable.

Deferred Tax Asset Measurement	
Key audit matter description	The group has recognised a deferred tax asset of £5,189,000 (2016: £4,322,000), as shown in Note 9, relating solely to Oxygen. The deferred tax asset is recognised in line with IAS 12 which requires that deferred tax assets, in the context of a history of recent losses, should only be recognised to the extent that there is convincing evidence of sufficient future taxable profits against which the tax losses can be utilised. There is considerable judgement in the assessment of whether sufficient taxable profit will be available in the future and, therefore, this is considered to be a key audit matter.
How the scope of our audit responded to the key audit matter	We evaluated the design and implementation of key controls over the production, and subsequent review of, forecasts used to determine the recoverability of the deferred tax asset. We challenged management's forecasts by only considering the pipeline of clients that had already signed engagement letters and applying revenue growth rate observed in Oxygen's current client portfolio.
Key observations	We concluded that convincing evidence existed such that the deferred tax asset recognised in the Consolidated Statement of Financial Position is appropriate.
Zopa Investment Valuation	
Key audit matter description	The Group holds an investment in Zopa, an unlisted peer-to-peer lending business, which is valued at £36.5m (2016: £33.9m) and, therefore, constitutes 35% of the Group's total assets at the balance sheet date. Due to the inherent uncertainty and judgement required to estimate the fair value of a business whose shares are not actively traded, in addition to the size of the balance, there is a risk that valuation of the investment at the year-end date is materially misstated.
How the scope of our audit responded to the key audit matter	We evaluated the design and implementation of key controls over the estimation of the investment in Zopa, including management's review of the valuation model prepared by their expert. We reviewed the competence, capabilities, and objectivity of management's experts used in the valuation of the investment as well as testing the accuracy and completeness of data inputs into the valuation model. We also challenged the valuation recorded with reference to other publicly available information.
Key observations	Having considered all the evidence, we concluded that the valuation was within a reasonable range.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group Financial statements	Parent company financial statements
Materiality	£454,000	£227,000
Basis for determining materiality	0.5% of shareholders equity.	Parent company materiality equates to less than 0.5% of shareholders' equity of the parent and is capped at 50% of group materiality.
Rationale for the benchmark applied	Financial performance to date is not a key metric as a result of the fact that this is an emerging growth company. Accordingly, we identified shareholders' equity as the most appropriate benchmark as it represents the capital structure of the entity and focus on balance sheet growth.	

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £22,700 for the group and £30,800 for the parent company, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

The group consists of TruFin Plc itself, its sole direct subsidiary TruFin Holdings Ltd, a holding company, and seven subsidiaries as detailed within Note 1. In addition there is one associate, one joint venture, and one financial investment.

Three of the subsidiaries are determined to be financially significant to the group based on chosen benchmarks being in excess of 15% of the group aggregated balance. These subsidiaries are:

- Oxygen Finance Limited;
- Distribution Finance Capital Ltd; and
- Satago Financial Solutions Limited.

These subsidiaries have been subject to a full scope audit. Distribution Finance Capital Ltd was audited by Deloitte LLP, Oxygen Finance Ltd was audited by Haysmacintyre LLP, and Satago Financial Solutions was audited by Mazars LLP. In conducting the group audit we have communicated clearly with the component auditors about the scope and timing of their work on the financial information related to components, discuss their risk assessment, and review documentation of their findings. All other subsidiaries as well as the associate and joint venture have been subject to analytical procedures at the group level with the exception of AltLending UK which has been subject to an audit of two of the component's account balances, the loans and advances to customers and cash and cash equivalents balances.

Lastly, the financial investment has been subject to specified audit procedures as detailed in the Zopa Investment Valuation key audit matter.

Our group audit scope, including components subject to full scope audit and audit of specified account balances, achieved coverage over significantly all of revenue across the group, 76% of the group's loss before tax, and 100% of the net assets of the group.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report including Chairman's Statement, Group Strategic Report, and Report of the Directors, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. 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.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law, 1991 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
- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Alastair Morley
For and on behalf of Deloitte LLP
London, UK
15 May 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Interest and similar income		1,136	85
Interest and similar expenses		(68)	–
Net interest income		1,068	85
Fee income	3	2,638	1,452
Fee expenses		(53)	(66)
Net fee income		2,585	1,386
Revenue		**3,653**	**1,471**
Staff costs	5	(8,188)	(3,962)
Other operating expenses		(4,251)	(2,338)
Depreciation & amortisation		(146)	(30)
Operating loss before share of loss from joint venture		**(8,932)**	**(4,859)**
Share of loss of joint venture accounted for using the equity method		(582)	(1,732)
Operating loss		**(9,514)**	**(6,591)**
Provisions for commitments and other liabilities	6	–	(214)
Net impairment loss on financial assets		(158)	–
Exceptional expenses	7	(330)	(1,164)
Loss before tax		**(10,002)**	**(7,969)**
Taxation	9	867	4,348
Loss after tax		**(9,135)**	**(3,621)**
Other comprehensive income			
Exchange differences on translating foreign operations		(357)	(39)
Gains/(losses) on FVTOCI investments		2,600	(9,740)
Other comprehensive income/(loss) for the year, net of tax		**2,243**	**(9,779)**
Total comprehensive loss for the year		**(6,892)**	**(13,400)**
Loss after tax attributable to:			
Owners of TruFin plc		(8,103)	(3,507)
Non-controlling interests		(1,032)	(114)
		(9,135)	**(3,621)**
Total comprehensive loss for the year attributable to:			
Owners of TruFin plc		(5,860)	(13,286)
Non-controlling interests		(1,032)	(114)
		(6,892)	**(13,400)**

The activities of the Group relate entirely to continuing operations. The notes on pages 29 to 69 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	2017 £'000	2016 £'000
Assets			
Non-current, non-financial assets			
Intangible assets	10	649	–
Property, plant and equipment	11	131	67
Deferred tax asset	9	5,189	4,322
Total non-current, non-financial assets		**5,969**	**4,389**
Financial assets			
Cash and cash equivalents		26,049	6,690
Loan and advances to customers	14	32,709	870
Other investments	13	36,500	33,900
Investment in joint venture	12	–	582
Total financial assets		**95,258**	**42,042**
Other current assets			
Trade and other receivables	15	487	445
Other receivables	15	1,821	649
Total other current assets		**2,308**	**1,094**
Total assets		**103,535**	**47,525**
Equity and liabilities			
Equity			
Issued share capital	16	123,966	2,202
Share premium		–	31,249
Retained earnings		(4,962)	541
Foreign exchange reserve		(396)	(39)
Non-controlling interest	20	(293)	547
Merger reserve		(26,919)	–
Total equity		**91,396**	**34,500**
Liabilities			
Current liabilities			
Borrowings	17	9,035	11,900
Trade and other payables	18	2,805	826
Provision for commitments and other liabilities	6	299	299
Total current liabilities		**12,139**	**13,025**
Total liabilities		**12,139**	**13,025**
Total equity and liabilities		**103,535**	**47,525**

The notes on pages 29 to 69 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 15 May 2018. They were signed on its behalf by:

Henry Kenner
Chairman and Chief Executive Officer

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	2017 £'000	2016 £'000
Assets			
Financial assets			
Investments	13	123,966	–
Total financial assets		**123,966**	**–**
Other current assets			
Other receivables	15	81	–
Total other current assets		**81**	**–**
Total assets		**124,047**	**–**
Equity and liabilities			
Equity			
Issued share capital	16	123,966	–
Retained earnings		(720)	–
Total equity		**123,246**	**–**
Liabilities			
Current liabilities			
Trade and other payables	18	801	–
Total current liabilities		**801**	**–**
Total liabilities		**801**	**–**
Total equity and liabilities		**124,047**	**–**

The Company's comprehensive loss for the period to 31 December 2017 was £720,000.

The notes on pages 29 to 69 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 15 May 2018. They were signed on its behalf by:

Henry Kenner
Chairman and Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital £'000	Share premium £'000	Retained Earnings £'000	Foreign exchange reserve £'000	Merger reserve £'000	Total £'000	Non-controlling interest £'000	Total Equity £'000
Balance at 1 January 2017	**2,202**	**31,249**	**541**	**(39)**	**–**	**33,953**	**547**	**34,500**
Loss for the year	–	–	(8,103)	–	–	(8,103)	(1,032)	(9,135)
Gains on FVTOCI investments	–	–	2,600	–	–	2,600		2,600
Exchange differences on translating foreign operations	–	–	–	(357)	–	(357)	–	(357)
Capital contribution in relation to the issue of preference shares	–	–	–	–	–	–	192	192
New issue of shares	123,966	–	–	–	–	123,966	–	123,966
Arising on consolidation	(2,202)	(31,249)	–	–	(26,919)	(60,370)	–	(60,370)
Balance at 31 December 2017	**123,966**	**–**	**(4,962)**	**(396)**	**(26,919)**	**91,689**	**(293)**	**91,396**

	Share capital £'000	Share premium £'000	Retained Earnings £'000	Foreign exchange reserve £'000	Merger reserve £'000	Total £'000	Non-controlling interest £'000	Total Equity £'000
Balance at 1 January 2016	**–**	**–**	**40,357**	**–**	**–**	**40,357**	**–**	**40,357**
Loss for the year	–	–	(3,507)	–	–	(3,507)	(114)	(3,621)
Losses on FVTOCI investments	–	–	(9,740)	–	–	(9,740)	–	(9,740)
Exchange differences on translating foreign operations	–	–	–	(39)	–	(39)	–	(39)
Arising on consolidation	2,202	31,249	(26,569)	–	–	6,882	661	7,543
Balance at 31 December 2016	**2,202**	**31,249**	**541**	**(39)**	**–**	**33,953**	**547**	**34,500**

The notes on pages 29 to 69 are an integral part of these financial statements.

Share capital

Share capital represents the nominal value of equity share capital issued.

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the company's shares are issued at a premium, net of associated share issue costs.

Retained earnings

The retained earnings reserve represents cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

Foreign exchange reserve

The foreign exchange reserve represents exchange differences which arise on consolidation from the translation of the financial statements of foreign subsidiaries.

Merger reserve

The merger reserve in 2017 arises as a result of applying Section 19 of FRS 102 - Group Reconstruction to businesses that are under common control.

Non Controlling Interest

The non controlling interest relates to the minority interest held in DFC.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital £'000	Retained Earnings £'000	Total Equity £'000
Balance at 1 January 2017	–	–	–
Total comprehensive loss	–	(720)	(720)
Shares issued during the year	123,966	–	123,966
Balance at 31 December 2017	**123,966**	**(720)**	**123,246**

The Company was incorporated on 29 November 2017.

The notes on pages 29 to 69 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Cash flows from operating activities			
Loss before income tax		(10,002)	(7,969)
Adjustments for			
Depreciation of property, plant and equipment		43	30
Amortisation of intangible fixed assets		156	–
Profit on disposal of property, plant and equipment		–	18
Finance costs		27	–
Foreign exchange gains		–	(39)
Share in joint venture		582	1,732
		(9,194)	**(6,228)**
Working capital adjustments			
Loans to customers		(62,512)	(58)
Loans repaid by customers		30,673	1,050
Increase in trade and other receivables		(1,214)	(613)
Increase/(decrease) in trade and other payables		1,979	(911)
		(31,074)	**(532)**
Tax paid		–	–
Net cash used in operating activities		**(40,268)**	**(6,760)**
Cash flows from investing activities:			
Cash inflows arising on combination		–	126
Additions to intangible assets		(805)	–
Additions to property, plant and equipment		(107)	(60)
Net cash (used in)/generated from investing activities		**(912)**	**66**
Cash flows from financing activities:			
Issue of ordinary share capital		2,000	3,309
Issue of preference share capital		3,500	–
Net borrowings from Group undertakings		46,000	7,900
New borrowings		9,000	–
Net interest received		38	–
Net cash generated from financing activities		**60,538**	**11,209**
Net increase in cash and cash equivalents		**19,358**	**4,515**
Cash and cash equivalents at beginning of the year		6,690	2,175
Effect of exchange rate fluctuations on cash held		1	–
Cash and cash equivalents at end of the year		**26,049**	**6,690**

The notes on pages 29 to 69 are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

	2017 £'000	2016 £'000
Cash flows from operating activities		
Loss before income tax	(720)	–
	(720)	**–**
Working capital adjustments		
Increase in trade and other receivables	(81)	–
Increase in trade and other payables	801	–
	720	**–**
Net cash used in operating activities	**–**	**–**
Net increase in cash and cash equivalents	**–**	**–**
Cash and cash equivalents at beginning of the year	–	–
Cash and cash equivalents at end of the year	**–**	**–**

The notes on pages 29 to 69 are an integral part of these financial statements.

Statutory information

TruFin plc is a Company registered in Jersey and incorporated under Companies (Jersey) Law 1991. The Company's ordinary shares were listed on the Alternative Investment Market of the London Stock Exchange on 21 February 2018, raising gross proceeds of £70 million from the IPO. The Company issued 36,842,106 Capital Raising Shares at a price of 190p per share to raise a total of £70 million and approx. £66 million net of expenses.

1. Accounting policies

General information

The TruFin Group is the consolidation of TruFin plc, TruFin Holdings Limited, Oxygen Finance Limited, Oxygen Finance Americas Inc., Satago Solutions Limited, Satago Financial Solutions Limited, Distribution Finance Capital Limited, AltLending (UK) Limited and additionally, a 50% interest in a joint venture - Clear Funding Limited, a 40% interest in an associate – PlayIgnite Ltd and a minority interest investment in Zopa Group Limited (as set out in "Basis of consolidation" below).

TruFin plc and TruFin Holdings Limited were both incorporated on 29 November 2017. As at 31 December 2017, the TruFin plc was 100% owned by Arrowgrass Master Fund Ltd ("Arrowgrass"). TruFin plc owns 100% of TruFin Holdings Limited. On 29 December 2017, a reorganisation took place such that all the companies comprising the TruFin Group were brought under TruFin Holdings Limited.

Post balance sheet, on 21 February 2018, the Company's ordinary shares were listed on the Alternative Investment Market of the London Stock Exchange resulting in Arrowgrass Master Fund's ownership being 73.1%.

The principal activities of the TruFin Group are the provision of niche lending and early payment services.

The financial statements are presented in Pounds Sterling, which is the currency of the primary economic environment in which the TruFin Group operates. Amounts are rounded to the nearest thousand.

Basis of accounting

Prior to 29 November 2017 and before the incorporation of TruFin plc and TruFin Holdings, the entities named above were under common control and therefore, have been accounted for as a common control transaction – that is a business combination in which all the combining entities or businesses are ultimately controlled by the same company both before and after the combination. IFRS 3 provides no specific guidance on accounting for entities under common control and therefore other relevant standards have been considered. These standards refer to pooling of assets and merger accounting and this is the methodology that has been used to consolidate the TruFin Group.

After 29 December 2017, post the reorganisation, the entities constitute a legal group and accordingly the consolidated financial statements have been prepared by applying relevant principles underlying the consolidation procedures of IFRS. The assets, liabilities and the statement of comprehensive income of the entities comprising the TruFin Group have been consolidated, eliminating transactions and balances between entities included within the Financial Statements.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") that are effective for financial periods beginning on or after 1 January 2018.

The prior year comparatives have been prepared on a combined basis so as to show a meaningful comparison with the accounts for 2017.

Basis of preparation

The results of the TruFin Group companies have been included in the consolidated statement of comprehensive income from the effective date of acquisition by Arrowgrass. Where necessary, adjustments have been made to the underlying financial information of the companies to bring the accounting policies used into line with those used by the TruFin Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The consolidated financial statements contained in this document consolidates the statements of total comprehensive income, statements of financial position, cash flow statements, statements of changes in equity and related notes for each of the companies listed in the "Basis of consolidation" below, which have been prepared in accordance with IFRS.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the TruFin Group. The TruFin Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Basis of consolidation

The consolidated financial statements include all of the companies controlled by the TruFin Group, which are as follows:-

Entities	Country of incorporation	Registered address	Nature of the business	% voting rights and shares held
Satago Financial Solutions Limited ("SFSL")	UK	4 Bentinck Street, London, England, W1U 2EF	Provision of short term finance	100% of ordinary shares
Distribution Finance Capital Ltd ("DFC")	UK	2nd Floor, City House, Sutton Park Road, Sutton, England, SM1 2AE	Provision of short term finance	80% of ordinary shares
Oxygen Group Finance Limited (together with OFL and OFAI) ("Oxygen")	UK	Cathedral Place, 42-44 Waterloo Street, Birmingham, United Kingdom, B2 5QB	Holding Company	100% of ordinary shares
Oxygen Finance Limited ("OFL")	UK	Cathedral Place, 42-44 Waterloo Street, Birmingham, United Kingdom, B2 5QB	Provision of payment services	100% of ordinary shares
Oxygen Finance Americas, Inc ("OFAI")	USA	Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, USA	Provision of early payment services	99.99%* of ordinary shares
Satago Solutions Limited ("Satago Solutions")	UK	Cathedral Place, 42-44 Waterloo Street, Birmingham, United Kingdom, B2 5QB	Provision of technology services	100% of ordinary shares
AltLending UK Limited ("AltLending")	UK	4 Bentinck Street, London, England, W1U 2EF	Provision of short term finance	100% of ordinary shares

* The TruFin Group holds 9.3 billion shares in Oxygen Finance Americas Inc. with minority interests holding 11 shares.

The consolidated financial information also includes three further investments, as follows:

- The TruFin Group has a 50% interest in a joint venture, Clear Funding Limited ("Clear Funding"), which is accounted for using the equity method,
- The TruFin Group has a 40% interest in an associate, PlayIgnite Ltd ("PlayIgnite"), which is accounted for using the equity method and

- an undiluted economic interest of 17.7% in Zopa Group Limited ("Zopa") (15.7% fully diluted), as at 31 December 2017, which is measured at fair value with changes in value recognised through other comprehensive income.

All three investments are incorporated in the UK.

Under the equity method of accounting the TruFin Group's investment in Clear Funding is initially recognised at cost and adjusted thereafter for the post acquisition change in the TruFin Group's share of Clear Funding's net assets. The TruFin Group's profit or loss includes its share of Clear Funding's profit or loss and the TruFin Group's other comprehensive income includes its share of Clear Funding's other comprehensive income, save that after the TruFin Group's interest is reduced to zero, additional losses are provided for and a liability is recognised, only to the extent that the TruFin Group has incurred legal or constructive obligations or made payments on behalf of Clear Funding.

Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been applied consistently to all the financial periods presented.

Other than for the treatment of business combinations, as described above, the consolidated financial statements have been prepared in accordance with European Union Endorsed International Financial Reporting Standards (IFRSs) and the IFRS Interpretations Committee (formerly the International Financial Reporting Interpretations Committee (IFRIC)) interpretations. These statements have been prepared on a going concern basis and under the historical cost convention except for the treatment of certain financial instruments.

The TruFin Group has applied IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers as well as the related consequential amendments to other IFRSs in advance of their effective dates.

Going concern

The TruFin Group's forecasts and projections, taking into account reasonable possible changes in trading performance, show that the TruFin Group should be able to operate in the foreseeable future. As a consequence, the Directors have a reasonable expectation that the TruFin Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors have adopted the going concern basis in preparing these financial statements.

Revenue recognition

Net interest income

Interest income and expense for all financial instruments except for those classified as held for trading or measured or designated as at Fair Value Through Profit and Loss ("FVTPL") are recognised in "Net interest income" as "Interest income" and "Interest expense" in the profit or loss account using the effective interest method.

The Effective Interest Rate ("EIR") is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs and all other premiums or discounts.

The interest income/expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (that is, to the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities.

For credit-impaired financial assets, as defined in the financial instruments accounting policy, the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (that is, to the gross carrying amount less the allowance for Expected Credit Losses ("ECLs").

Other income from financial instruments

Dividends from equity investments measured at Fair Value Through Other Comprehensive Income ("FVTOCI") are recognised in profit and loss when the TruFin Group becomes entitled to them.

For financial instruments that are classified as FVTPL, any interest or fee income is included in the profit and loss account within the fair value gain or loss.

The TruFin Group presently holds no financial instruments for trading or hedging purposes, nor has it designated any other items as FVTPL.

Other expense from financial instruments

Any interest or fees incurred in servicing liabilities carried at FVTPL are included in the profit and loss account within "Gains/(losses) from FVTOCI investments".

Fee income

Fee income for the TruFin Group is earned from payments services fees provided by Oxygen and facility fees provided by DFC.

Payment services provided by Oxygen and DFC comprises the following elements:

Early Payment Programme Services ("EPPS") contracts

Oxygen's Early Payment Programme Services generate rebates (i.e. discounts on invoice value) for its clients by facilitating the early payment of supplier invoices. Oxygen's single performance obligation is to make its intellectual property and software platform available to its clients for the duration of their contracts.

Oxygen bills its clients monthly for a contractually agreed share of supplier rebates generated by their respective Early Payment Programmes during the previous month. This revenue is recognised in the month the rebates are generated.

Assessment Fees

Assessment fees include Oxygen consultants reviewing the client's internal processes and technology and analysing the financial business case for setting up an Early Payment Programme. The assessment is a self-contained consultancy project which is not contingent on any future Early Payment Programme being entered into by the client and accordingly Oxygen's single performance obligation is to deliver a report that summarises the assessment findings. Revenue from assessment fees is deferred and is accrued over the period of the assessment.

Implementation Fees

Implementation fees are charged to some clients to cover Oxygen's costs in establishing a client's technological access to the Early Payment Programme Services and in otherwise readying a client to benefit from the Services. Establishing access to the company's intellectual property and software platform does not amount to a distinct service as the client cannot benefit from the initial access except by the company continuing to provide access for the contract period. Where an implementation fee is charged, it is therefore a component of the aggregate transaction price of the Early Payment Programme Services. Accordingly, such revenue is initially deferred and then recognised in the statement of comprehensive income over the life of the related Early Payment Programme Services contract.

Consultancy Fees

Oxygen provides stand-alone advisory services to clients. Revenue is accrued as the underlying services are provided to the client.

Facility fees

Facility fees provided by DFC comprise fees for servicing loans.

Fee Expenses

Fee expenses are directly attributable costs, such as staff costs, associated with the Oxygen's Early Payment Programme Services. The expenses include amortisation arising from capitalised contract costs incurred directly through activities which generate fee income. Amortisation arising from other intangible assets is recognised in depreciation and amortisation of non-financial assets before operating profit/(loss).

Foreign currencies

The results and financial position of each group company are expressed in Pounds Sterling, which is the functional currency of the UK based members of the TruFin Group and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are translated to the TruFin Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income.

Property, plant and equipment

All property, plant and equipment is stated at historical cost (or deemed historical cost) less accumulated depreciation and less any identified impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value on a straight line basis at the following annual rates:

Leasehold land and buildings	–	5 years
Office equipment	–	3 years
Computer equipment	–	3-5 years

Useful economic lives and estimated residual values are reviewed annually and adjusted as appropriate.

Intangible and contract assets

Identifiable intangible assets are recognised when the TruFin Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the TruFin Group and the cost of the asset can be reliably measured.

Intangible assets with finite lives are stated at acquisition or development cost less accumulated amortisation and less any identified impairment. The amortisation period and method is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates.

Computer software comprises an internally developed platform. Costs that are directly associated with the production of identifiable and unique software products controlled by the TruFin Group and are probable of producing future economic benefits are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads.

Contract assets comprise the directly attributable costs incurred at the beginning of an Early Payment Scheme Service contract to revise a client's existing payment systems and provide access to the TruFin Group's software and other intellectual property. These implementation (or "set up") costs are comprised primarily of employee costs.

Amortisation is charged to the statement of comprehensive income over the estimated useful lives of intangible assets from the date they are available for use, on a straight-line basis. The amortisation basis adopted for each class of intangible asset reflects the TruFin Group's consumption of the economic benefit from that asset.

Estimated useful lives

The estimated useful lives of finite intangible assets are as follows:

Computer software	–	3-5 years
Contract assets	–	Life of underlying contract (typically 5 years)

Financial instruments

Initial recognition

Financial assets and financial liabilities are recognised in the TruFin Group's balance sheet when the TruFin Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL are respectively added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

Classification and reclassification of financial assets

Recognised financial assets within the scope of IFRS 9 are required to be classified as subsequently measured at amortised cost, FVTOCI or FVTPL on the basis of both the TruFin Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are reclassified if and only if, the business model under which they are held is changed. There has been no such change in the allocation of assets to business models in the periods under review.

Loans and advances to customers

Loans and advances to customers are held within a business model whose objective is to hold those financial assets in order to collect contractual cash flows. Further, the contractual terms of the loan agreements give rise on specified dates to cash flows that are solely payments of principal and interest or fees on the principal amount outstanding.

After initial measurement, loans and advance to customers are subsequently measured at amortised cost using the Effective Interest Rate method (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest and similar income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income and disclosed with any other similar losses within the line item "Net impairment losses on financial assets".

Trade and other receivables

Trade receivables do not contain any significant financing component and accordingly are recognised initially at transaction price, and subsequently measured at cost less any loss allowance.

Investments in equity shares

The TruFin Group's investment in the equity shares of Zopa is not held for trading. The TruFin Group has made an irrevocable election to classify and subsequently measure the investment at FVTOCI. Unrealised movements in the fair value of the investment are recognised in the statement of other comprehensive income. Any realised gains or losses arising from the sale of the investment will be accounted for in the income statement as realised gains or losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject (save for the effects of changes in foreign exchange rates) to an insignificant risk of changes in value.

Impairment

The TruFin Group recognises loss allowances for Expected Credit Losses ("ECLs") on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers
- Other receivables
- Trade receivables and
- Loan commitments

With the exception of Purchased or Originated Credit Impaired ("POCI") financial assets (which are considered separately below), ECLs are measured through loss allowances calculated on the following bases:-

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the TruFin Group under the contract and the cash flows that the TruFin Group expects to receive arising from the weighting of future economic scenarios, discounted at the asset's EIR within the current performing book.

The TruFin Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The loss allowance is measured as the difference between the contractual cash flows and the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

A financial asset that gives rise to credit risk, is referred to (and analysed in the notes to this financial information) as being in "Stage 1" provided that since initial recognition (or since the previous reporting date) there has not been a significant increase in credit risk nor has it has become credit impaired.

For a Stage 1 asset, the loss allowance is the "12-month ECL", that is, the ECL that results from those default events on the financial instrument that are possible within 12 months from the reporting date.

A financial asset that gives rise to credit risk is referred to (and analysed in the notes to this financial information) as being in "Stage 2" if since initial recognition there has been a significant increase in credit risk but it is not credit impaired.

For a Stage 2 asset, the loss allowance is the "lifetime ECL", that is, the ECL that results from all possible default events over the life of the financial instrument.

A financial asset that gives rise to credit risk is referred to (and analysed in the notes to this financial information) as being in "Stage 3" if since initial recognition it has become credit impaired.

For a Stage 3 asset, the loss allowance is the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the EIR. Further, the recognition of interest income is constrained relative to the amounts that are recognised in Stage 1 and Stage 2 assets, as described in the revenue recognition policy set out above.

If circumstances change sufficiently at subsequent reporting dates, an asset is referred to by its newly appropriate Stage and is re-analysed in the notes to the financial information.

Where an asset is expected to mature in 12 months or less, the "12 month ECL" and the "lifetime ECL" have the same effective meaning and accordingly for such assets the calculated loss allowance will be the same whether such an asset is at Stage 1 or Stage 2. In order to determine the loss allowance for assets with a maturity of 12 months or more and disclose significant increases in credit risk, the TruFin Group nonetheless determines which of its financial assets are in Stages 1 and 2 at each reporting date.

Significant increase in credit risk – policies and procedures for identifying Stage 2 assets

The TruFin Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition in order to determine whether credit risk has increased significantly.

See note 19 for further details about how the TruFin Group assesses increases in significant credit risk.

Definition of a default

Critical to the determination of significant increases in credit risk (and to the determination of ECLs) is the definition of default. Default is a component of the Probability of Default ("PD"), changes in which lead to the identification of a significant increase in credit risk and PD is then a factor in the measurement of ECLs.

The TruFin Group's definition of default for this purpose is:

- A counterparty defaults on a payment due under a loan agreement and that payment is more than 30 days overdue, or
- Within the core invoice finance proposition, where one or more individual finance repayments are beyond 30 days overdue, management judgement is applied in considering default status of the client.

- The collateral that secures, all or in part, the loan agreement has been sold or is otherwise not available for sale and the proceeds have not been paid to the lending company; or

- A counterparty commits an event of default under the terms and conditions of the loan agreement which leads the lending company to believe that the borrower's ability to meet its credit obligations to the lending company is in doubt.

The definition of default is similarly critical in the determination of whether an asset is credit-impaired (as explained below).

Credit-impaired financial assets – policies and procedures for identifying Stage 3 assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. IFRS 9 states that evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;

- A breach of contract such as a default (as defined above) or past due event, or

- The TruFin Group, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the TruFin Group would not otherwise consider.

The TruFin Group assesses whether debt instruments that are financial assets measured at amortised cost or at FVTOCI are credit-impaired at each reporting date. When assessing whether there is evidence of credit-impairment, the TruFin Group takes into account both qualitative and quantitative indicators relating to both the borrower and to the asset. The information assessed depends on the borrower and the type of the asset. It may not be possible to identify a single discrete event – instead, the combined effect of several events may have caused financial assets to become credit-impaired.

See note 19 for further details about how the TruFin Group identifies credit-impaired assets.

Purchased or originated credit-impaired ("POCI") financial assets

POCI financial assets are treated differently because they are in Stage 3 from the point of original recognition. It is not in the nature of the TruFin Group's business to purchase financial assets originated by other lenders, nor has the TruFin Group to date originated any loans or advances to borrowers that it would define as credit impaired.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and

- For loan commitments: as a provision.

Revisions to estimated cash flows

Where cash flows are significantly different from the original expectations used to determine EIR, but where this difference does not arise from a modification of the terms of the financial instrument, the TruFin Group revises its estimates of receipts and adjusts the gross carrying amount of the financial asset to reflect actual and revised estimated contractual cash flows. The TruFin Group recalculates the gross carrying amount of the financial asset as the present value of the estimated future contractual cash flows discounted at the financial instrument's original EIR.

The adjustment is recognised in statement of comprehensive income as income or expense.

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing a financial asset are renegotiated without the original contract being replaced and derecognised. A modification is accounted for in the same way as a revision to estimated cash flows and in addition;

- Any fees charged are added to the asset and amortised over the new expected life of the asset; and
- The asset is individually assessed to determine whether there has been a significant increase in credit risk.

Derecognition of financial assets

The TruFin Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the TruFin Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the TruFin Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the TruFin Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the TruFin Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the TruFin Group retains an option to repurchase part of a transferred asset), the TruFin Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Write offs

Loans and advances are written off when the TruFin Group has no reasonable expectation of recovering the financial asset (either in its entirety or a portion of it). This is the case when the TruFin Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The TruFin Group may apply enforcement activities to financial assets written off. Recoveries resulting from the TruFin Group's enforcement activities will result in impairment gains.

Financial liabilities

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the TruFin Group or a contract that will or may be settled in the TruFin Group's own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the TruFin Group's own equity instruments. Gains or losses on financial liabilities are recognised in the income statement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the TruFin Group are recognised as at the proceeds received, net of direct issue costs. Distributions on equity instruments are recognised directly in equity.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at Fair Value Through Profit or Loss

Financial liabilities at FVTPL may include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

During the period under review the TruFin Group has held no financial liabilities for trading, nor designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Other financial liabilities – loans and borrowings

The TruFin Group obtained funding from Arrowgrass, these loans formed part of the Group on the reorganisation on 29 November 2018.

Any external borrowing is valued at the carrying value of the loan plus any accrued interest. Fees relating to the borrowing are amortised over the life of the loan.

Derecognition of financial liabilities

The TruFin Group derecognises financial liabilities when and only when, the TruFin Group's obligations are discharged, cancelled or they expire.

Impairment of non-financial assets

The carrying amounts of the entity's non-financial assets, other than goodwill and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the Cash-Generating Unit or "CGU").

Contract assets are reviewed for impairment based on the performance of the underlying contract.

Goodwill is tested annually for impairment in accordance with IFRS. The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to CGU that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if the acquired entity has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of other assets in the unit (or group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply. An impairment loss recognised for goodwill is not reversed.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Current and deferred income tax

Income tax on the result for the period comprises current and deferred income tax. Income tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the TruFin Group intends to settle its current tax assets and liabilities on a net basis.

Employee benefits – pension costs

A defined contribution plan is a post-employment benefit plan under which the TruFin Group pays fixed contributions into a separate entity and will have a legal or constructive obligation to pay further amounts. Contributions to defined contribution schemes are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Leasing

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the period of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period of the lease.

The TruFin Group does not currently hold any assets under finance leases.

Provisions for commitments and other liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (discounted at the TruFin Group's weighted average cost of capital when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset only if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Merger Reserve

Prior to 29 December 2017, the entities within the TruFin Group were held by Arrowgrass Master Fund Limited. On 29 December 2017, these entities were acquired by TruFin plc via TruFin Holdings Limited. The consideration provided to Arrowgrass for the companies acquired was in exchange for shares of TruFin plc based on the fair value of the underlying companies. Upon consolidation of the group, the difference between the book value of the entities and the amount of the consideration paid was accounted through a merger reserve, in accordance with relevant accounting standards relating businesses under common control.

Segmental reporting

An operating segment is a component of the TruFin Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) and whose operating results are regularly reviewed by the Board of Directors in order to make decisions about resources to be allocated to that component and assess its performance and for which discrete financial information is available.

For the purposes of the financial statements, the Directors consider the TruFin Group's operations to be made up of three operating segments:- the provision of short term finance, payment services and other operations.

The accounting policies of the reportable segments are consistent with the accounting policies of the TruFin Group as a whole. Segment profit represents the profit earned by each segment without allocation of depreciation, amortisation, foreign exchange gains or losses, investment income, interest payable and tax. This is the measure of profit that is reported to the Board of Directors for the purpose of resource allocation and the assessment of segment performance.

Further details are provided in note 4.

New standards and interpretations – in issue but not yet effective/adopted

IFRS 16 Leases

IFRS 16, which has not yet been endorsed by the EU, introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The TruFin Group currently expects to adopt IFRS 16 for the year ending 31 December 2019. No decision has been made about whether to use any of the transitional options in IFRS 16.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial information in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apart from other sources. Actual results may differ from these estimates.

The judgements and estimates that have a significant effect on the amounts recognised in the financial statements noted below.

Critical accounting judgements

- Impairment reviews of intangible assets: the TruFin Group performs impairment reviews at the year end to identify any goodwill or intangible assets that have a carrying value that is in excess of its recoverable value. Determining the recoverability of goodwill and intangible assets requires judgement in both the methodology applied and the key variables within that methodology. Where it is determined that an asset is impaired, its carrying value will be reduced to its recoverable value with the difference recorded as an impairment charge in the income statement.

  The goodwill and intangible asset impairment reviews are disclosed in note 10.

- Early Payment Programme Services set up costs: The TruFin Group capitalises the direct costs of implementing Early Payment Programme Services contracts for clients. These costs are essential to the satisfaction of the TruFin Group's performance obligation under that contract and accordingly the TruFin Group considers that these costs meet the applicable criteria for recognition as contract assets.

  The amount capitalised is disclosed in note 10.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Loan impairment

- Where an asset has a maturity of 12 months or less, the "12 month ECL" and the "lifetime ECL" have the same effective meaning and accordingly for such assets the calculated loss allowance will be the same whether such an asset is at Stage 1 or Stage 2. Given the preponderance of short term lending, the TruFin Group's consolidated loss allowance is not materially affected by the allocation of assets between Stages 1 and 2, nor by any significant subjectivity in the forward looking estimates that are applied.

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon and is a key input to the ECL calculation. The TruFin Group primarily uses credit scores from credit reference agencies to calculate the PD for loans and advances to customers. The score is a 12-month predictor of credit failure and, in the absence of internally generated loss history, the TruFin Group believes that it provides the best proxy for the credit quality of the loan portfolio.

- Exposure At Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest from missed payments.

- Loss Given Default ("LGD") is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, in particular taking into account wholesale collateral values and certain buy back options.

Measurement of fair values

In estimating the fair value of a financial asset or liability, the TruFin Group uses market observable data to the extent that it is available. Where such Level 1 inputs are not available, the Group uses valuation models to estimate the fair value of its financial instruments.

Refer to note 13 for more information on fair value measurement.

Deferred tax asset

There is inherent uncertainty in forecasting beyond the immediate future and significant judgement is required to estimate whether future taxable profits are probable in order to utilise the carried forward tax losses. However, the TruFin Group has determined that convincing evidence exists to support the recognition of a deferred tax asset in respect of carried forward losses for Oxygen.

For Oxygen, a high proportion of the forecast revenue is expected to be generated from clients that are either already "live" or have already signed contracts with Oxygen. Oxygen's fixed cost base is already scaled for continued business growth and variable cost growth is not expected to be significant.

Refer to note 9 for more information on the deferred tax asset.

Provision for commitments and other liabilities

The TruFin Group's provision of £299,000 relates to uncertain tax positions prior to 31 December 2016. Although advice has been taken, the legislation is complex and could result in different interpretations. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of the tax matters at a future date, the final outcome may differ from the amount provided.

3. Fee income

	2017 £'000	2016 £'000
Revenue from		
EPPS* contracts	2,153	1,361
Assessment fees	219	84
Consultancy fees	78	-
Facility fees	188	7
Total revenue	**2,638**	**1,452**

*Early Payment Programme Services

4. Segmental reporting

The results of the TruFin Group are broken down into segments based on the products and services from which it derives its revenue:

Short term finance:

Provision of distribution finance products and invoice discounting. For results during the reporting period, this corresponds to the results of DFC, SFSL and AltLending.

Payment services:

Provision of Early Payment Programme Services. For results during the reporting period, this corresponds to the results of Oxygen.

Other:

Revenue and costs arising from investment activities and peer-to-peer lending. For results during the reporting period, this corresponds to the results of Satago Solutions, the TruFin Group's investment in Zopa and joint venture in Clear Funding, and TruFin plc.

The results of each segment, prepared using accounting policies consistent with those of the TruFin Group as a whole, are as follows:

Year ended 31 December 2017	Short term finance £'000	Payment services £'000	Other £'000	Total £'000
External revenue	1,324	2,444	6	3,774
Expenses	(68)	(53)	–	(121)
Total revenue	1,256	2,391	6	3,653
Operating loss	(3,737)	(3,630)	(2,147)	(9,514)
Loss before tax	(3,896)	(3,959)	(2,147)	(10,002)
Taxation	–	867	–	867
Loss for the year	(3,896)	(3,092)	(2,147)	(9,135)
Total assets	59,493	7,051	36,991	103,535
Total liabilities	(10,098)	(1,333)	(708)	(12,139)
Net assets	49,395	5,718	36,283	91,396

Year ended 31 December 2016	Short term finance £'000	Payment services £'000	Other £'000	Total £'000
External revenue	92	1,445	–	1,537
Expenses	–	(66)	–	(66)
Total revenue	92	1,379	–	1,471
Operating loss	(479)	(4,350)	(1,732)	(6,561)
Loss before tax	(585)	(5,652)	(1,732)	(7,969)
Taxation	–	4,348	–	4,348
Loss for the year	(585)	(1,304)	(1,732)	(3,621)
Total assets	5,944	7,099	34,482	47,525
Total liabilities	(3,241)	(9,784)	–	(13,025)
Net assets	2,703	(2,685)	34,482	34,500

5. Staff costs

Analysis of staff costs:

	2017 £'000	2016 £'000
Wages and Salaries	6,111	2,510
Consulting costs	1,262	1,227
Social security costs	710	225
Pension costs arising on defined contribution schemes	105	–
	8,188	3,962

Consulting costs are recognised within personnel costs where the work performed would otherwise have been performed by employees. Consulting costs arising from the performance of other services is included within other operating expenses.

Average monthly number of persons (including Executive Directors) employed:

	2017 Number	2016 Number
Management	10	2
Finance	4	2
Sales & Marketing	12	8
Operations	35	22
Technology	8	3
	69	**37**

Directors' Emoluments

TruFin plc was incorporated 29 November 2017 and therefore the Directors' emoluments of TruFin plc were £Nil in 2017 and 2016.

Key management compensation:

The Directors consider that key management personnel are those persons who are the Executive Committee of TruFin plc. These individuals have the authority and responsibility for planning, directing and controlling the activities of the TruFin Group.

Key management emoluments were £Nil during 2017 and 2016:

6. Provision for commitments and other liabilities

Management has recognised a provision in relation to uncertain tax positions prior to 31 December 2016. Although advice has been taken, the legislation is complex and could result in different interpretations. The amount recognised is the best estimate of the consideration required to settle the present obligation at the balance sheet date.

Group	£'000
At 1 January 2017	299
Additional provision during the year	–
At 31 December 2017	**299**

The Company had no provisions at the year end.

7. Exceptional expenses

Loss before income tax is stated after charging the following material items:

	2017 £'000	2016 £'000
Oxygen partner settlement payments	–	418
Oxygen IT platform transition	330	746
	330	**1,164**

Items of income or expense are disclosed separately when they are material to an understanding of the financial statements. These are one-off items which are not expected to be repeated.

Under previous owners, Oxygen's business strategy included the outsourcing of delivery and implementation services to parties that were rewarded with a proportion of ensuing revenues. Oxygen subsequently incurred material costs in terminating these partner contracts.

Oxygen's legacy business strategy had also been based around a technology platform operated by a third-party provider on Oxygen's behalf. Oxygen incurred material costs to transfer the platform to a cloud based environment under its own control.

8. Loss before income tax

Loss before income tax is stated after charging:

	2017 £'000	2016 £'000
Depreciation of property, plant and equipment	43	30
Amortisation of intangible assets	156	–
Staff costs	8,188	3,962
Operating lease rentals	258	382

Fees payable to the Group's auditor (Deloitte LLP)	2017 £'000	2016 £'000
Fees payable for the audit of the company's annual accounts	70	–
Fees payable for the audit of the company's subsidiaries	37	–
Total audit fees	**107**	**–**
Non audit services		
Other taxation advisory services	187	–
Other assurance services	665	–
Corporate finance services	42	–
Total non audit fees	**894**	**–**

Non audit services include work carried out in relation to the listing of TruFin plc's shares on the Alternative Investment Market in February 2018. The total non audit fees were c.86% of the total fees paid to Deloitte LLP.

9. Taxation

Analysis of tax credit recognised in the period

	2017 £'000	2016 £'000
Current tax credit	–	(26)
Deferred tax credit	(867)	(4,322)
Total tax credit	**(867)**	**(4,348)**

Reconciliation of loss before tax to total tax credit recognised

	2017 £'000	2016 £'000
Loss before tax	(10,002)	(7,969)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19.25%/20%	(1,925)	(1,594)
Tax effect of:		
Expenses not deductible	42	525
Depreciation in excess of capital allowances	2	78
R&D expenditure credits	(6)	–
Capital allowances	(8)	–
Other short term timing differences	8	(3)
Capitalised revenue expenditure	–	(113)
Deferred tax on brought forward assets	(87)	(3,706)
Adjust closing deferred tax to rate at which losses expect to be utilised (17%)	129	–
Adjust closing deferred tax to average rate of 19.25%/20%	(271)	105
Adjust opening deferred tax to average rate of 19.25%/20%	–	(24)
Deferred tax not recognised	1,249	384
Total tax credit	**(867)**	**(4,348)**

Reductions in the UK corporation tax rate from 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the TruFin Group's future current tax charge accordingly. The deferred tax assets and liabilities at 31 December 2017 have been based on the rates substantively enacted at the balance sheet date.

Deferred tax asset

Group	2017 £'000	2016 £'000
Balance at start of the year	4,322	–
Credit to the statement of comprehensive income	867	4,322
Balance at end of the year	**5,189**	**4,322**
Comprised of:		
Losses	5,189	4,322
Total deferred tax asset	**5,189**	**4,322**

A deferred tax asset has been recognised in respect of Oxygen. It is considered probable that future taxable profits will be available to be realised against Oxygen's historical losses. This determination is based on Oxygen's forecasts. A high proportion of the revenue forecast is expected to be generated from clients which have either already onboarded or which have already signed contracts with Oxygen. Oxygen's fixed cost base is already scaled for continued business growth, whilst variable costs are not expected to be material. Deferred tax assets in DFC and Satago of £928,000 and £164,000 have not been recognised given uncertainty in future profits.

10. Other intangible assets

Group	Client Contracts £'000	Software, licenses and similar assets £'000	Total £'000
Cost			
At 1 January 2017	–	–	–
Additions	305	500	805
Disposals	–	–	–
Impairment	–	–	–
At 31 December 2017	**305**	**500**	**805**
Amortisation			
At 1 January 2017	–	–	–
Charge for the period	(52)	(104)	(156)
Impairment	–	–	–
At 31 December 2017	**(52)**	**(104)**	**(156)**
Net book value			
At 31 December 2017	**253**	**396**	**649**
At 31 December 2016	–	–	–

Client Contracts comprise the directly attributable costs incurred at the beginning of an Early Payment Scheme Service contract to revise a client's existing payment systems and provide access to the TruFin Group's software and other intellectual property. These implementation (or "set up") costs are comprised primarily of employee costs.

The useful economic life for each individual asset is deemed to be the term of the underlying Client Contract (generally 5 years) which has been deemed appropriate and for impairment review purposes, projected cash flows have been discounted over this period.

The amortisation charge is recognised in depreciation and amortisation on non-financial assets within the statement of comprehensive income.

Computer software comprises an internally developed platform. Costs that are directly associated with the production of identifiable and unique software products controlled by the TruFin Group and are probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads.

A useful economic life of 3-5 years has been deemed appropriate and for impairment review purposes, projected cash flows have been discounted over this period.

The amortisation charge is recognised in depreciation and amortisation on non-financial assets within the statement of comprehensive income.

The Company had no intangible assets at the year end.

11. Property, plant and equipment

Group	Leasehold improvements £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2017	–	188	5	193
Arising on combination	–	–	–	–
Additions	44	33	30	107
Disposals	–	–	–	–
At 31 December 2017	**44**	**221**	**35**	**300**
Depreciation				
At 1 January 2017	–	(126)	–	(126)
Arising on combination	–	–	–	–
Charge	(6)	(31)	(6)	(43)
Disposals	–	–	–	–
At 31 December 2017	**(6)**	**(157)**	**(6)**	**(169)**
Net book value				
At 31 December 2017	**38**	**64**	**29**	**131**
At 31 December 2016	–	62	5	67

The TruFin Group holds no assets under finance leases.

The Company held no Property, plant and equipment at the year end.

12. Investment in Joint Venture

Joint ventures

The summarised financial information for Clear Funding Limited, prepared in accordance with IFRS, is set out below. The TruFin Group equity accounts for its 50% share in the Joint Venture.

Group	2017 £'000	2016 £'000
Income Statement		
Cost of Sales	(59)	(521)
Administrative Expenses	(1,777)	(2,943)
Loss from continuing operations	(1,836)	(3,464)

	2017 £'000	2016 £'000
Statement of financial position		
Non-current assets	5	206
Cash	88	1,624
Other current assets	91	163
Current liabilities	(855)	(829)
Equity shareholders' funds	(671)	1,164

There are no restrictions in the ability of Clear Funding to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. The TruFin Group did not receive a dividend in the year to 31 December 2017 (Year to 31 December 2016: £Nil). There is no unrecognised share of losses in Clear Funding for the years ended 31 December 2017 or 31 December 2016.

Clear Funding has been loss making and had a net liability position. Clear Funding is to be wound up post the balance sheet date and as such, the investment in the joint venture has been recognised as £Nil.

13. Other investments

	Group Level 3 valuation £'000	Company £'000
Fair value at 31 December 2016	33,900	–
Gain on revaluation at 31 December 2017	2,600	–
Investment in subsidiaries	–	123,966
Fair value at 31 December 2017	36,500	123,966

	Group Level 3 valuation £'000	Company £'000
Fair value at 31 December 2015	43,640	–
Loss on revaluation at 31 December 2016	(9,740)	–
Investment in subsidiaries	–	–
Fair value at 31 December 2016	**33,900**	**–**

At 31 December 2017, the TruFin Group had an economic interest in Zopa Group Limited (the ultimate owner of the UK-based Zopa peer-to-peer lending business). During the first half of 2017, Zopa underwent a corporate restructuring. Prior to this, the ultimate owner of the Zopa business was Zopa Holdings Inc, a Delaware (USA) company. The below table represents the economic ownership both on an undiluted basis and a fully diluted basis (i.e. assuming that all holders of options, warrants and preferred shares were to have exercised their subscription and conversion rights).

Group	2017	2016	2015
Undiluted	17.7%	18.3%	18.5%
Fully diluted	15.7%	16.2%	16.5%

A level 3 valuation is one that relies on unobservable inputs to the valuation process.

The shares are not quoted in any market and off-market transactions are infrequent. The TruFin Group's owners nevertheless adopt a market based approach to valuation, which it carries out on a monthly basis in conjunction with a company that provides independent valuation services. The TruFin Group applies judgement in adjusting valuations that are otherwise determined by reference to the prices of previous and anticipated transactions. Adjustments are required in respect of the exercise of stock options and the valuation of warrants over Zopa's equity, which are held by other investors in Zopa. The TruFin Group also regards the valuations of comparable businesses and recent transactions in the sector. The valuations do not include any adjustment to reflect the size of the TruFin Group's holding.

As at 31 December 2017, TruFin plc had investments in subsidiaries that were valued at £123.9 million reflecting the value of the underlying subsidiaries as at the date of the re-organisation. The values were from an independent valuation service using a combination of income and market based approach to the valuations.

14. Loans and advances to customers

Group	2017 £'000	2016 £'000
Total loans and advances to customers	32,835	883
Less: loss allowance	(126)	(13)
	32,709	**870**

Past due receivables relating to loans and advances are analysed as follows:

	2017 £'000	2016 £'000
Neither past due nor impaired	32,402	867
Past due: 0–30 days	254	–
Past due: 31–60 days	16	
Past due 61–90 days	1	3
Past due: More than 91 days	32	–
Impaired	4	–
	32,709	**870**

The Company had no loans and advances to customers at the year end.

15. Trade and other receivables

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade and receivables	487	445	–	–
Prepayments	1,062	38	37	–
Accrued Income	354	–	–	–
VAT	29	18	–	–
Other debtors	376	588	44	–
Unpaid share capital	–	5	–	–
	2,308	**1,094**	**81**	**–**

Trade receivables above are stated net of a loss allowance of £Nil (Dec 2016: £Nil). All receivables are due within one year.

Unimpaired, past due trade receivables are analysed as follows:

	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Not yet due	328	243	–	–
Past due: 0–30 days	10	41	–	–
Past due: 31–60 days	8	78	–	–
Past due: 61–90 days	–	–	–	–
Past due: More than 91 days	141	83	–	–
	487	**445**	**–**	**–**

16. Share capital

During the year ended 31 December 2017, the following new ordinary shares were issued:

Group and Company	Share Capital £'000	Total £'000
123,965,703 Shares at £1 each	123,966	123,966

At 31 December 2017, 123,965,702 shares were issued and fully paid. 1 share was issued and unpaid.

All ordinary shares carry equal entitlements to any distributions by the company. No dividends were proposed by the Directors for the year ended 31 December 2017.

17. Borrowings

Group	2017 £'000	2016 £'000
Loans due within one year	35	11,900
Loans due in over a year	9,000	–
	9,035	11,900

On 12 December 2017, DFC entered into a two year senior debt facility with a leading bank which is secured on a floating pool of underlying assets. Interest is payable at 3 month LIBOR + 4%. As part of the agreement, DFC established a special purpose vehicle called DFC Funding No 1 Limited (SPV). SPV is the borrower under the facility agreements. As part of the arrangement, DFC assigns its current and future receivables to SPV and the SPV in turn assigned these receivables to the bank as security for the facility.

Funding of £11,900,000 was received over the course of 2016 by Oxygen Finance Limited from Arrowgrass in the form of Promissory notes. The notes were all repayable on demand, but carried no interest coupon if not called. The entire balance was converted to ordinary shares in Oxygen Finance Limited on 28 June 2017.

18. Trade and other payables

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade payables	212	–	–	–
Accruals	1,430	101	801	–
Other payables	652	722	–	–
Other taxation and social security	511	3	–	–
	2,805	826	801	–

19. Financial instruments

The Directors have performed an assessment of the risks affecting the TruFin Group through its use of financial instruments and believe the principal risks to be: capital risk; credit risk; market risk, including interest rate risk and foreign exchange risk.

This note describes the TruFin Group's objectives, policies and processes for managing the material risks and the methods used to measure them. The significant accounting policies regarding financial instruments are disclosed in note 1.

Capital risk management

The TruFin Group manages its capital to ensure that entities in the TruFin Group will be able to continue as going concerns while providing an adequate return to shareholders.

The capital structure of the TruFin Group consists of net debt (borrowings disclosed in note 17) and equity of the TruFin Group (comprising issued capital, reserves, retained earnings and non-controlling interests as disclosed in note 16 and note 20).

The TruFin Group is not subject to any externally imposed capital requirements.

Principal financial instruments

The principal financial instruments to which the TruFin Group is party and from which financial instrument risk arises, are as follows:

- Loans and advances to customers, primarily credit risk and liquidity risk;
- Trade receivables, primarily credit risk and liquidity risk;
- Investments, primarily fair value or market price risk;
- Cash and cash equivalents, which can be a source of credit risk but are primarily liquid assets available to further business objectives or to settle liabilities as necessary;
- Trade and other payables; and
- Borrowings which are used as sources of funds and to manage liquidity risk.

Analysis of financial instruments by valuation model

Financial assets included in the balance sheet at fair value:

Group	2017 £'000	2016 £'000
Investments (level 3)	36,500	33,900

A level 3 valuation is one that relies on unobservable inputs to the valuation process. The valuation is calculated by reference to the price of previous transactions involving the issuance of shares in Zopa and warrants over shares in Zopa and any other relevant information such as future funding rounds.

The calculation takes into consideration the valuation of shares and warrants over Zopa's equity, which were issued in connection with a fund raise by Zopa in 2017. This is performed using the Black-Scholes model, which requires inputs for spot equity price, strike price, expiry date and risk-free interest rate, which are observable inputs (from the warrant agreements and UK Gilt rate markets respectively). The Black-Scholes model also requires a significant unobservable input for the volatility of the Zopa equity price, which is determined by comparison with annual volatilities of comparable listed companies. A 1% increase in the volatility of the Zopa equity price would produce a 0.45% (£155,000) decrease in the calculation of the implied fund raise valuation and as other factors are considered in reaching the fair value of the Zopa Investment this volatility move would only contribute to a 0.225% (£77,500) decrease in the fair value measurement.

There are no financial liabilities included in the balance sheet at fair value.

31 December 2017

Financial assets and financial liabilities included in the balance sheet that are not measured at fair value:

Group	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets not measured at fair value					
Loans and advances to customers	32,709	32,709	–	–	32,709
Trade receivables	487	487	–	–	487
Other receivables	1,821	1,821	–	–	1,821
Cash and cash equivalents	26,049	26,049	26,049	–	–
	61,066	**61,066**	**26,049**	**–**	**35,017**
Financial liabilities not measured at fair value					
Other borrowings	9,035	9,035	–	–	9,035
Other liabilities	2,805	2,805	–	27	2,778
	11,840	**11,840**	**–**	**27**	**11,813**

31 December 2016

Group	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets not measured at fair value					
Loans and advances to customers	870	870	–	–	870
Trade receivables	445	445	–	–	445
Other receivables	649	649	–	–	649
Cash and cash equivalents	6,690	6,690	6,690	–	–
	8,654	**8,654**	**6,690**	**–**	**1,964**
Financial liabilities not measured at fair value					
Other borrowings	11,900	11,900	–	–	11,900
Other liabilities	826	826	–	–	826
	12,726	**12,726**	**–**	**–**	**12,726**

31 December 2017

Company	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets not measured at fair value					
Other receivables	81	81	–	–	81
	81	**81**	**–**	**–**	**81**
Financial liabilities not measured at fair value					
Other liabilities	801	801	–	–	801
	801	**801**	**–**	**–**	**801**

Fair values for level 3 assets were calculated using a discounted cash flow model and the Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate to their fair values.

Loans and advances to customers

Due to the short-term nature of loans and advances to customers, their carrying value is considered to be approximately equal to their fair value. These items are short term in nature such that the impact of the choice of discount rate would not make a material difference to the calculations.

Trade and other receivables, other borrowings and other liabilities

These represent short-term receivables and payables and as such their carrying value is considered to be equal to their fair value.

Financial risk management

The TruFin Group's activities and the existence of the above financial instruments expose it to a variety of financial risks.

The Board of Directors has overall responsibility for the determination of the TruFin Group's risk management objectives and policies. The overall objective of the Board of Directors is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the TruFin Group's competitiveness and flexibility.

The TruFin Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Foreign exchange risk

Further details regarding these policies are set out below.

Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the TruFin Group. One of the TruFin Group's main income generating activities is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers. The TruFin Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

Credit risk management

The credit committees within the wider TruFin Group is responsible for managing the credit risk by:

- Ensuring that it has appropriate credit risk practices, including an effective system of internal control;
- Identifying, assessing and measuring credit risks across the TruFin Group from an individual instrument to a portfolio level;
- Creating credit policies to protect the TruFin Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits;
- Limiting concentrations of exposure by type of asset, counterparty, industry, credit rating, geographical location;
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities;

- Developing and maintaining the risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews; and
- Developing and maintaining the processes for measuring Expected Credit Loss (ECL) including monitoring of credit risk, incorporation of forward looking information and the method used to measure ECL.

Significant increase in credit risk

The Group continuously monitors all assets subject to Expected Credit Loss as to whether there has been a significant increase in credit risk since initial recognition, either through a significant increase in Probability of Default ("PD") or in Loss Given Default ("LGD").

The following is based on the procedures adopted by the TruFin Group:

Granting of credit

The Business Development Team prepare a Credit Application which sets out the rationale and the pricing for the proposed loan facility and confirms that it meets the TruFin Group's product risk and pricing policies. The Application will include the proposed counterparty's latest financial information and any other relevant information but as a minimum:

- Details of the limit requirement e.g. product, amount, tenor, repayment plan etc.,
- Facility purpose or reason for increase,
- Counterparty details, background, management, financials and ratios (actuals and forecast),
- Key risks and mitigants for the application,
- Conditions, covenants & information (and monitoring proposals) and security (including comments on valuation),
- Pricing,
- Confirmation that the proposed exposure falls within risk appetite,
- Clear indication where the application falls outside of risk appetite.

The Credit Risk Department will analyse the financial information, obtain reports from credit reference agencies, allocate a risk rating and make a decision on the application. The process may require further dialogue with the Business Development Team to ascertain additional information or clarification.

Each mandate holder and Committee is authorised to approve loans up to agreed financial limits provided that the risk rating of the counterparty is within agreed parameters. If the financial limit requested is higher than the credit authority of the first reviewer of the loan facility request, the application is sent to the next credit authority level with a recommendation.

The Executive Risk Committee reviews all applications that are outside the credit approval mandate of the mandate holder due to the financial limit requested or if the risk rating is outside of policy but there is a rationale and/or mitigation for considering the loan on an exceptional basis.

Applications where the counterparty has a high risk rating are sent to the Executive Risk Committee for a decision based on a positive recommendation from the Credit Risk department. Where a limited company has such a risk rating, the Executive Risk Committee will consider the following mitigants:

- Existing counterparty which has met all obligations in time and in accordance with loan agreements,
- Counterparty known to TruFin Group personnel who can confirm positive experience,
- Additional security, either tangible or personal guarantees where there is verifiable evidence of personal net worth,
- A commercial rationale for approving the application, although this mitigant will generally be in addition to at least one of the other mitigants.

Identifying significant increases in credit risk

The short tenor of the current loan facilities reduces the possible adverse effect of changes in economic conditions and/or the credit risk profile of the counterparty.

The TruFin Group nonetheless measures a change in a counterparty's credit risk mainly on payment and end of contract repayment behaviour and the collateral audit process. Although regular and interim reviews may highlight other changes in a counterparty's risk profile, such as the security asset no longer being under the control of the borrower. The TruFin Group views a significant increase in credit risk as:

- A two-notch reduction in the TruFin Group's counterparty's risk rating, as notified through the credit rating agency,
- A counterparty defaults on a payment due under a loan agreement,
- Late contractual payments which although cured, re-occur on a regular basis,
- Counterparty confirmation that it has sold TruFin Group assets but delays in processing payments,
- Evidence of a reduction in a counterparty's working capital facilities which has had an adverse effect on its liquidity,
- Evidence of actual or attempted sales out of trust or of double financing of assets funded by the TruFin Group.

An increase in significant credit risk is identified when any of the above events happen after the date of initial recognition.

Default

Identifying loans and advances in default and credit impaired

The TruFin Group's definition of default for this purpose is:

- A counterparty defaults on a payment due under a loan agreement and that payment is more than 30 days overdue, or
- The collateral that secures, all or in part, the loan agreement has been sold or is otherwise not available for sale and the proceeds have not been paid to the lending company, or
- A counterparty commits an event of default under the terms and conditions of the loan agreement which leads the lending company to believe that the borrower's ability to meet its credit obligations to the lending company is in doubt.

The short tenor of the loans extended by the TruFin Group means that significant economic events are unlikely to influence counterparties' ability to meet their obligations to the TruFin Group.

At 31 December 2017 a very small amount of assets are considered credit impaired and no forbearance had been granted.

Exposure at default

Exposure at default ("EAD") is the expected loan balance at the point of default and, for the purpose of calculating the Expected Credit Losses ("ECL"), management have assumed this to be the balance at the reporting date.

Expected Credit Losses

The ECL on an individual loan is based on the credit losses expected to arise over the life of the loan, being defined as the difference between all the contractual cash flows that are due to the TruFin Group and the cash flows that it actually expects to receive.

This difference is then discounted at the original effective interest rate on the loan to reflect the disposal period of such assets underlying the original contract.

Regardless of the loan status stage, the aggregated ECL is the value that the TruFin Group expects to lose on its current loan book having assessed each loan individually.

To calculate the ECL on a loan, the TruFin Group considers:

1. Counterparty PD; and
2. LGD on the asset

   whereby: ECL = EAD x PD x LGD

Forward looking information

In its ECL models, the TruFin Group applies the following sensitivity analysis of forward-looking economic inputs:

- GDP growth
- Central Bank base rates expressed as LIBOR
- Retail Price Index ("RPI")

However, in making its assessment of the impact of these key, forward looking economic assumptions, the TruFin Group has placed reliance on the short-dated nature of its loans which do not extend beyond 12 months. Given the current loan book has an average tenor of less than 4 months, the forward looking economic inputs above do not affect the ECL significantly.

Maximum exposure to credit risk

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cash and cash equivalents	26,049	6,690	–	–
Loans and advances to customers	32,709	870	–	–
Trade and other receivables	2,308	1,094	81	–
Maximum exposure to credit risk	**61,066**	**8,654**	**81**	**–**

Loans and advances to customers:

Collateral held as security

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Fully collateralised				
Loan-to-value* ratio:				
Less than 50%	6	–	–	–
50% to 70%	5	–	–	–
71% to 80%	3,893	–	–	–
81% to 90%	5,161	5	–	–
91% to 100%	23,311	23	–	–
	32,376	**28**	**–**	**–**
Partially collateralised				
Collateral value relating to loans over 100%				
loan-to-value	–	–	–	–
Unsecured lending	**459**	**855**	**–**	**–**

* Calculated using wholesale collateral values

The majority of the TruFin Group's lending activities are asset-backed and the TruFin Group expects that the majority of its exposure is secured by the collateral value of the asset that has been funded under the loan agreement. The TruFin Group has title to the collateral which is funded under loan agreements. The collateral comprises boats, motorcycles, recreational vehicles, caravans and industrial and agricultural equipment. The collateral has low depreciation and is not subject to rapid technological changes or redundancy. There has been no change in the TruFin Group's assessment of collateral and its underlying value in the reporting period.

The assets are generally in the counterparty's possession, but this is controlled and managed by the asset audit process. The audit process checks on an agreed periodic basis that the asset is in the counterparty's possession and has not been sold out of trust or is otherwise not in the counterparty's control. The frequency of the audits is determined by the risk rating assessed at the time that the borrowing facility is first approved.

Additional security may also be taken to further secure the counterparty's obligations and further mitigate risk. Further to this, in many cases the TruFin Group is often granted by the counterparty, an option to sell-back the underlying collateral.

Based on the TruFin Group's current principal products, the counterparty repays its obligation under a loan agreement with the TruFin Group at or before the point that it sells the asset. If the asset is not sold and the loan agreement reaches maturity, the counterparty is required to pay the amount due under the loan agreement plus any other amounts due. In the event that the counterparty does not pay on the due date, the TruFin Group's customer management process will maintain frequent contact with the counterparty to establish the reason for the delay and agree a timescale for payment. Senior Management will review actions on a regular basis to ensure that the TruFin Group's position is not being prejudiced by delays.

In the event that the TruFin Group determines that payment will not be made voluntarily, it will enforce the terms of its loan agreement and recover the asset, instituting legal proceedings for delivery, if necessary. If there is a shortfall between the net sales proceeds from the sale of the asset and the counterparty's obligations under the loan agreement, the shortfall is payable by the counterparty on demand.

Concentration of credit risk

The TruFin Group maintains policies and procedures to manage concentrations of credit at the counterparty level and industry level to achieve a diversified loan portfolio. As at 31 December 2017, the largest counterparty exposure was 6% of the total loan portfolio and the largest industry sector exposure was 41% of the total loan portfolio.

Credit quality

An analysis of the TruFin Group's credit risk exposure for loan and advances per class of financial asset, internal rating and "stage" is provided in the following tables. A description of the meanings of Stages 1, 2 and 3 is given in the accounting policies set out in note 1.

Risk rating	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	2017 Total £'000	2016 Total £'000
Above Average (Risk rating 1-2)	14,305	–	–	14,305	22
Average (Risk rating 3-4)	15,849	–	–	15,849	–
Below Average (Risk rating 5+)	2,681	–	–	2,681	228
Gross carrying amount	**32,835**	**–**	**–**	**32,835**	**250**
Loss allowance	(126)	–	–	(126)	(13)
Carrying amount	**32,709**	**–**	**–**	**32,709**	**237**

At 31 December 2016, all loans and advances to customers were in Stage 1.

Trade receivables

	Group		Company	
Status at balance sheet date	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Not past due, nor impaired	328	243	–	–
Past due but not impaired	159	202	–	–
Impaired	–	–	–	–
Total gross carrying amount	487	445	–	–
loss allowance	–	–	–	–
Carrying amount	487	445	–	–
Net trade receivables	**487**	**445**	**–**	**–**

The TruFin Group has determined that all trade receivables are Stage 1. They all relate to amounts outstanding from public sector bodies in the UK and US. As such there is no expectation of material future credit losses relating to these financial assets.

The Company had no trade receivables during the year and therefore there was a £Nil balance as at 31 December 2017 (31 December 2016: £Nil)

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity is £Nil at 31 December 2017 (31 December 2016: £Nil).

Liquidity risk

Liquidity risk is the risk that the TruFin Group does not have sufficient financial resources to meet its obligations as they fall due or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows which is inherent in all banking operations and can be affected by a range of Group-specific and market-wide events.

Liquidity risk management

The TruFin Group delegates liquidity risk management to its subsidiary, DFC, which has in place a policy and control framework for managing liquidity risk. DFC's Asset and Liability Management Committee (ALCO) is responsible for managing the liquidity risk via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring. The ALCO meets on a monthly basis to review the liquidity position and risks. Daily liquidity reports are produced and reviewed by the management team to track liquidity and pipeline.

DFC is in the process of applying for a Bank Licence. One of the key requirements is to a have a comprehensive liquidity management process & documentation which is submitted to the Prudential Regulation Authority (PRA) for approval. These documents have been approved by DFC's Board of Directors and submitted to the PRA.

Group Finance performs treasury management for the TruFin Group, with responsibility for the treasury for each business entity being delegated to the individual subsidiaries. However, in line with the wider Group governance structure, Group Finance performs an important oversight role in the wider treasury considerations of the TruFin Group. The primary mechanism for maintaining this oversight is a formal requirement that subsidiaries' Finance teams notify all material Treasury matters to Group Finance.

The main Group responsibilities are to maintain banking relationships, manage and maximise the efficiency of the TruFin Group's working capital and long term funding and ensure ongoing compliance with banking arrangements. TruFin Group current does not have any offsetting arrangements.

Liquidity stress testing

DFC has assessed its liquidity adequacy and viability for the first 12 months of operations, based on its 5 year business plan projections. Under this analysis, DFC is confident that it will be able to meet all of its liabilities as they fall due, even in a stress scenario.

A range of liquidity stress scenarios has been conducted (as detailed in the capital and liquidity requirements), which demonstrates that DFC's liquidity profile at the end of this 12 month period will be sufficient to withstand a severe stress at this time.

Maturity analysis for financial assets and financial liabilities

The following maturity analysis is based on expected gross cash flows.

As at 31 December 2017

Group	Carrying amount	Less than 1 months	1 – 3 months	3 months to 1 year	1 – 5 years
Financial assets					
Cash and cash equivalents	26,049	26,049	–	–	–
Trade receivables	487	340	7	140	–
Loans and advances to customers	32,709	6,769	21,584	3,653	1,258
Investment securities	36,500	–	–	–	36,500
	95,745	**33,158**	**21,591**	**3,793**	**37,758**
Financial liabilities					
Trade and similar payables	2,805	2,805	–	–	–
Borrowings	9,035	35	65	305	9,386
	11,840	**2,840**	**65**	**305**	**9,386**

Market risk

Market risk is the risk that movements in market factors, such as foreign exchange rates, interest rates, credit spreads, equity prices and commodity prices will reduce the TruFin Group's income or the value of its portfolios.

Market risk management

The TruFin Group's management objective is to manage and control market risk exposures in order to optimise return on risk while ensuring solvency.

The core market risk management activities are:

- The identification of all key market risk and their drivers,
- The independent measurement and evaluation of key market risks and their drivers,
- The use of results and estimates as the basis for the TruFin Group's risk/return-oriented management, and
- Monitoring risks and reporting on them.

Interest rate risk management

The TruFin Group is exposed to the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of the change in market interest rates.

Interest rate risk

The TruFin Group's borrowings are at 3m LIBOR plus a margin. The borrowing that is currently in place is a short term measure until DFC is granted its banking licence and hence there is little cash flow interest rate risk. Conversely there is little interest rate price risk because market interest rates are currently very low.

Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business.

The TruFin Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their local functional currency (primarily Pound Sterling or US Dollars) with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the TruFin Group.

The TruFin Group earns revenue and incurs costs in local currencies and is able to manage foreign exchange risk by matching the currency in which revenue is generated and expenses are incurred.

The majority of the TruFin Group's financial assets are held in Pound Sterling but movements in the exchange rate of the US Dollar against Pound Sterling may have an impact on both the result for the year and equity.

The carrying amounts of the TruFin Group's foreign currency denominated monetary assets and liabilities at the end of the year were as follows:

31 December 2017	Assets and liabilities denominated in US Dollars £'000
Financial assets	21
Financial liabilities	–
31 December 2016	
Financial assets	108
Financial liabilities	–

20. Non-controlling interests

Distribution Finance Capital Ltd, an 80% owned subsidiary of the Company, has material non-controlling interests (NCI).

The summarised financial information below represents amounts before intragroup eliminations.

	2017 £'000	2016 £'000
Current Assets	37,858	2,891
Non-current assets	37	5
Current liabilities	(2,795)	(163)
Non-current liabilities	(36,560)	–
Equity attributable to owners of the Company	(1,168)	2,186
Non-controlling interests	(291)	547

	2017 £'000	2016 £'000
Revenue	1,116	–
Expenses	(5,327)	(571)
Loss after tax	(5,157)	(551)
Loss after tax attributable to owners of the Company	(4,125)	(114)
Loss after tax attributable to the non-controlling interests	(1,032)	(457)
Net cash used in operating activities	(33,727)	(484)
Net cash used in investing activities	(42)	(5)
Net cash generated from financing activities	37,416	3,300
Net increase in cash and cash equivalents	3,647	2,811

	£'000
Balance at 1 January 2016	–
On combination	661
Share of loss for the year	(114)
Payment of dividends	–
Balance at 1 January 2017	547
Share of loss for the year	(1,032)
Capital contribution	192
Payment of dividends	–
Balance at 31 December 2017	**(293)**

21. Leasing commitments

At the year-end date the TruFin Group has lease agreements in respect of properties and equipment for which the payments extend over a number of years. The future minimum lease payments under non-cancellable leases are as follows:

	2017 £'000	2016 £'000
Due in less than one year	391	40
Due between one and five years	450	145
Total future lease payments committed	**841**	**185**

22. Related party disclosures

As at 31 December 2017, The TruFin Group was 100% owned by Arrowgrass Master Fund Ltd.

Transactions with Directors

Transactions with Directors, or entities in which a Director is also a Director or partner:

	2017 £'000	2016 £'000
Consultancy services provided by a director	13	738

Key management personnel disclosures are provided in note 5.

Transactions with shareholders

AltLending had a £250,000,000 borrowing facility with AltLending Ireland, of which certain amounts have been drawn down and repaid and as at 29 December 2017, all loans between the two companies have been cancelled.

On 20 May 2016 a £1,000,000 loan facility, with a variable fee based upon 75% of related receivables income received, was extended by Arrowgrass to SFSL. This loan was repaid in full in August 2017.

On 13 March 2017 a £3,000,000 loan, with 2% interest coupon, maturing on 9 September 2017, was extended by Arrowgrass to SFSL. This loan was also repaid in full during August 2017.

Funding of £3,500,000 was received by DFC on 3 March 2017 from Arrowgrass in the form of preference shares, paying a fixed cumulative preferential dividend at an annual rate of 5% compounded annually on 31 December each year.

Funding of £11,900,000 was received over the course of 2016 by Oxygen Finance Limited from Arrowgrass in the form of Promissory notes. The notes were all repayable on demand but carried no interest coupon. The entire balance was converted to ordinary shares in Oxygen Finance Limited on 28 June 2017.

23. Post balance sheet events

TruFin plc ordinary shares were listed on the Alternative Investment Market of the London Stock Exchange on 21 February 2018, raising gross proceeds of £70 million from the IPO. The Company issued 36,842,106 Capital Raising Shares at a price of 190p per share to raise a total of £70 million and approx. £66 million net of expenses.

The Company issued 36,765,791 Placing Shares with institutional and other investors and 76,315 Subscription Shares at a price of 190p per share. The Placing Shares and Subscription Shares represent approx. 37.9% of the Enlarged Ordinary Share Capital.

Arrowgrass subscribed for 14,010,324 Capital Raising Shares at a price of 190 pence per share, following which it held approx. 73.1% of the Enlarged Ordinary Share Capital. The total Enlarged Share Capital following the IPO was 97,368,421 shares.

On Admission, the trustee of the Employee Benefit Trust ("EBT") and relevant Joint Share Ownership Plan ("JSOP") Award holder jointly subscribed for the EBT Shares equal to 3.5% of the issued share capital of the Company in consideration of the continued employment by the relevant employee with the Company and in connection with the Company's share incentive arrangements.

Significant Shareholdings following IPO:

Arrowgrass Master Fund	73.1%
Credit Suisse	5.4%
Liontrust	3.6%
Dalton	3.5%
Employee Benefit Trust	3.5%

On 16 March 2018, TruFin Holdings Limited (TFH) converted the mezzanine loan of £25m plus accrued interest of £2.27m that it has owed to it by DFC to equity. In exchange, DFC issued to TFH 6,002 ordinary shares (with a nominal value of £1) at a consideration of £4,544.59 per share. This resulted in an increase in the ordinary shares held by TFH and an increase in share premium of £27.27m, bringing the total share premium to £30.57m. DFC on the same day cancelled the share premium in full and credited its Retained Earnings account, thereby creating distributable reserves. This reduction of capital was carried out by way of the solvency statement procedure under section 641(1)(a) of the CA 2006. The issue of additional shares to TFH resulted in the management of DFC being diluted. Before the issue of these shares DFC management owned 20% and TFH 80%, post the issuance of the new shares, DFC management owns approx. 9% and TFH 91%.

On 27 April 2018, SFSL has granted to Vertus, a provider of succession finance for Financial Advisers, a senior loan facility of £5m with an interest charge of 5% per annum plus BoE base rate and a £3.65m convertible loan with an interest charge of 8% per annum.

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