

Orange Money Limited

Annual report and financial statements

**Registered number 07852687
31 December 2014**

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Directors' report

Principal activity

The principal activity of Orange Money Limited (the "Group" or the "Company") is to offer an innovative online financing solution dedicated to supporting online merchants' growth.

Proposed dividend

The directors do not recommend the payment of a dividend for the financial year ending 31 December 2014 (2013: £nil).

Directors

The directors who held office during the year were as follows:

S. Perlstein

T. Guriel

M.K.O. Richardson (resigned on 24 February 2015)

G. Aharoni

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution to appoint KPMG LLP as auditors for the year ended 31 December 2014 was made at the annual general meeting.

The auditors, KPMG LLP, will be proposed for re-appointment for the ensuing financial period in accordance with Section 487 of the Companies Act 2006.

Small Company Exception

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board



T Guriel

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with the Financial Reporting Standard for Smaller Entities (Effective April 2008) and applicable law (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their loss for that period. In preparing each of the Group and parent company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and

Independent auditor's report to the members of Orange Money Limited

We have audited the financial statements of Orange Money Limited for the year ended 31 December 2014 set out on pages 5 to 18. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 2014 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

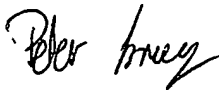
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Orange Money Limited
(continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies exemption in not preparing a strategic report.



Peter Lomax (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

11 May 2015

Consolidated Profit and Loss Account

for the year ended 31 December 2014

| | Note | 2014 £ | 2013 £ |
|---|------|---------------------------|---------------------------|
| Turnover | 1 | 2,881,418 | 1,245,682 |
| Cost of sales | 5 | <u>(1,336,475)</u> | <u>(257,590)</u> |
| Gross profit | | 1,544,943 | 988,092 |
| Administrative expenses | | <u>(3,152,576)</u> | <u>(2,588,103)</u> |
| Group operating loss | 2 | (1,607,633) | (1,600,011) |
| Interest payable and similar charges | 5 | <u>-</u> | <u>(139,862)</u> |
| Loss on ordinary activities before taxation | | (1,607,633) | (1,739,873) |
| Tax on profit on ordinary activities | 6 | <u>(67,660)</u> | <u>(106,000)</u> |
| Loss on ordinary activities after taxation | 13 | <u><u>(1,675,293)</u></u> | <u><u>(1,845,873)</u></u> |

The above results were derived entirely from continuing operations.

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 December 2014

| | 2014 £ | 2013 £ |
|---|---------------------------|---------------------------|
| Loss for the financial year | (1,675,293) | (1,845,873) |
| Net exchange differences on the retranslation of subsidiaries | <u>20,563</u> | <u>(231)</u> |
| Total recognised gains and losses relating to the year | <u><u>(1,654,730)</u></u> | <u><u>(1,846,104)</u></u> |

Consolidated Balance Sheet

at 31 December 2014

| | Note | 2014 £ | 2014 £ | 2013 £ | 2013 £ |
|--|------|--------------------|--------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 7 | | <u>176,226</u> | | <u>175,037</u> |
| | | | 176,226 | | 175,037 |
| Current assets | | | | | |
| Debtors | 9 | 9,632,073 | | 2,798,142 | |
| Cash at bank and in hand | | <u>696,948</u> | | <u>700,590</u> | |
| | | 10,329,021 | | 3,498,732 | |
| Creditors: amounts falling due within one year | 10 | <u>(5,774,642)</u> | | <u>(1,048,672)</u> | |
| Net current assets | | | <u>4,554,379</u> | | <u>2,450,060</u> |
| Total assets less current liabilities | | | 4,730,605 | | 2,625,097 |
| Creditors: amounts falling due after more than one year | 11 | | <u>(2,188,632)</u> | | <u>(1,250,000)</u> |
| Net assets | | | <u>2,541,973</u> | | <u>1,375,097</u> |
| Capital and reserves | | | | | |
| Called up share capital | 12 | | 1,569 | | 1,393 |
| Share premium account | 13 | | 6,529,960 | | 3,728,080 |
| Retranslation reserve | 13 | | 20,332 | | (231) |
| Equity component of convertible debts | 13 | | 67,327 | | 47,777 |
| Profit and loss account | 13 | | <u>(4,077,215)</u> | | <u>(2,401,922)</u> |
| Equity | | | <u>2,541,973</u> | | <u>1,375,097</u> |

The Company has delivered a copy of this Balance Sheet, the Company Balance Sheet, the Directors' Report, and the Auditor's Report to the Registrar of Companies in accordance with section 441(1) of the Companies Act 2006.

These financial statements are prepared in accordance with the special provisions in part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved by the board of directors on 11 May 2015 and were signed on its behalf by:

T. Gurion

Director

Company registered number: 07852687

Company Balance Sheet

at 31 December 2014

| | Note | 2014 £ | 2014 £ | 2013 £ | 2013 £ |
|--|------|--------------------|--------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 7 | | 147,340 | | 156,765 |
| Investments | 8 | | <u>12</u> | | <u>12</u> |
| | | | 147,352 | | 156,777 |
| Current assets | | | | | |
| Debtors | 9 | 9,617,694 | | 2,768,434 | |
| Cash at bank and in hand | | <u>638,244</u> | | <u>635,972</u> | |
| | | 10,255,938 | | 3,404,406 | |
| Creditors: amounts falling due within one year | 10 | <u>(5,848,860)</u> | | <u>(1,024,601)</u> | |
| Net current assets | | | <u>4,407,078</u> | | <u>2,379,805</u> |
| Total assets less current liabilities | | | 4,554,430 | | 2,536,582 |
| Creditors: amounts falling due after more than one year | 11 | | <u>(2,188,632)</u> | | <u>(1,250,000)</u> |
| Net assets | | | <u>2,365,798</u> | | <u>1,286,582</u> |
| Capital and reserves | | | | | |
| Called up share capital | 12 | | 1,569 | | 1,393 |
| Share premium account | 13 | | 6,529,960 | | 3,728,080 |
| Equity component of convertible debts | 13 | | 67,327 | | 47,777 |
| Profit and loss account | 13 | | <u>(4,233,058)</u> | | <u>(2,490,668)</u> |
| Equity | | | <u>2,365,798</u> | | <u>1,286,582</u> |

The Company has delivered a copy of this Balance Sheet, the Consolidated Balance Sheet, the Directors' Report, and the Auditor's Report to the Registrar of Companies in accordance with section 441(1) of the Companies Act 2006.

These financial statements are prepared in accordance with the special provisions in part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved by the board of directors on 11 May 2015 and were signed on its behalf by:

T. Guriel

Director

Company registered number: 07852687

Notes
(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), and under the historical cost accounting rules.

Despite the loss making position of the group (loss of £1,675,293 in the year ended 31 December 2014), the directors have prepared the financial statements on a going concern basis which they believe to be appropriate for the reasons set out below.

On 31 March 2015, the group entered into a Facility Agreement with EDF Sky Eurocore S.a.r.l for a facility in the amount of £20,000,000, which may be increased, at the discretion of the lender to £30,000,000. The terms of this Facility provide the group with the ability to grow the loan portfolio, which will enable the group to continue its progress to develop the scale which will allow it to become profitable. The directors believe that this facility provides the company with sufficient liquidity to continue as a going concern for the foreseeable future.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2014. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Investments

In the consolidated financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost [or valuation] less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

| | | |
|---------------------|---|-------------------------|
| Plant and machinery | - | 5 years [20% per annum] |
| Software | - | 5 years [20% per annum] |

Notes (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

On consolidation, the assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken directly to a separate component of equity.

Impairment of fixed assets

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by the UK Generally Accepted Accounting Practice applicable to Smaller Entities.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Interest bearing borrowings

Immediately after issue debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

Share-based payments

During the year, the Company issued a total of 3,745 equity settled share-based payment options to 6 employees, whereby services are rendered in exchange for rights over 3,745 shares of the Company for an exercise price between £124.11 and £245.61. The options vest on the expiry of a 1-4 year period, on condition that the employees remain in employment with the Company.

In addition, during the year, 488 employee options expired, and 3,575 option were exercised on a cashless exercise basis, resulting in the issuance of 2,228 shares.

Notes (continued)

As of 31 December 2014, the number of outstanding employee options was 4,719, with an average exercise price of £185.

The Company does not recognise any employee expense in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities.

Loans and interest income

Advances to customers are initially recorded at cost, being the amount advanced to the customer. Interest income is recognised in the income statement using the rate implicit in the loan arrangement. Loans are assessed collectively for impairment once objective evidence is available that the group of loans is impaired. In the event of an impairment, the carrying amount of the group of assets is reduced through the use of a provision and the amount of the loss is recognised in the income statement.

Turnover

Turnover represents fees and interest receivable in respect of services provided and arising solely in the United Kingdom.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

Notes (continued)

2 Operating costs

| | 2014 | 2013 |
|--|---------------|---------------|
| | £ | £ |
| <i>Loss on ordinary activities before taxation is stated after charging:</i> | | |
| Depreciation | 45,637 | 43,411 |
| Operating lease expense | <u>72,088</u> | <u>52,934</u> |

Auditor's remuneration:

| | 2014 | 2013 |
|-------------------------------------|---------------|---------------|
| | £ | £ |
| Audit of these financial statements | <u>20,000</u> | <u>15,000</u> |

3 Remuneration of directors

| | 2014 | 2013 |
|---|----------------|----------------|
| | £ | £ |
| Directors' emoluments | - | 13,200 |
| Amounts paid to third parties in respect of directors' services | <u>271,240</u> | <u>117,960</u> |

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year was as follows:

| Group | 2014 | 2013 |
|-----------|-----------|-----------|
| Staff | 14 | 10 |
| Directors | 4 | 6 |
| | <u>18</u> | <u>16</u> |

The aggregate payroll costs of these persons were as follows:

| | 2014 £ | 2013 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 591,009 | 497,515 |
| Social security costs | 64,876 | 67,182 |
| Other pension costs | 65,458 | 47,044 |
| | <u>721,343</u> | <u>611,741</u> |

5 Interest payable and similar charges

| | 2014 £ | 2013 £ |
|---|------------------|----------------|
| On all loans (included in cost of sales) | 1,002,303 | 156,176 |
| Similar charges (included in cost of sales) | 178,150 | 139,862 |
| | <u>1,180,453</u> | <u>296,038</u> |

6 Taxation

| | 2014 £ | 2013 £ |
|---------------------------|-----------------|------------------|
| Domestic current year tax | | |
| Current tax | (67,660) | - |
| Deferred tax | - | (106,000) |
| | <u>(67,660)</u> | <u>(106,000)</u> |

Notes (continued)
7 Tangible fixed assets

| | Plant and machinery £ | Total £ |
|-----------------------|-----------------------------|----------------|
| Group | | |
| <i>Cost</i> | | |
| At beginning of year | 219,291 | 219,291 |
| Additions | <u>46,826</u> | <u>46,826</u> |
| At end of year | <u>266,117</u> | <u>266,117</u> |
| <i>Depreciation</i> | | |
| At beginning of year | 44,254 | 44,254 |
| Charge for year | <u>45,637</u> | <u>45,637</u> |
| At end of year | <u>89,891</u> | <u>89,891</u> |
| <i>Net book value</i> | | |
| At 31 December 2014 | <u>176,226</u> | <u>176,226</u> |
| At 31 December 2013 | <u>175,037</u> | <u>175,037</u> |
| | Plant and machinery £ | Total £ |
| Company | | |
| <i>Cost</i> | | |
| At beginning of year | 197,385 | 197,385 |
| Additions | <u>30,838</u> | <u>30,838</u> |
| At end of year | <u>228,223</u> | <u>228,223</u> |
| <i>Depreciation</i> | | |
| At beginning of year | 40,620 | 40,620 |
| Charge for year | <u>40,263</u> | <u>40,263</u> |
| At end of year | <u>80,883</u> | <u>80,883</u> |
| <i>Net book value</i> | | |
| At 31 December 2014 | <u>147,340</u> | <u>147,340</u> |
| At 31 December 2013 | <u>156,765</u> | <u>156,765</u> |

Notes (continued)

8 Investments

| | Investments in subsidiaries | Total |
|-----------------------|--------------------------------|-------|
| | £ | £ |
| Company | | |
| <i>Cost</i> | | |
| At beginning of year | 12 | 12 |
| Additions | - | - |
| Disposals | - | - |
| | <hr/> | <hr/> |
| At end of year | 12 | 12 |
| | <hr/> | <hr/> |
| <i>Net book value</i> | | |
| At 31 December 2014 | 12 | 12 |
| | <hr/> | <hr/> |
| At 31 December 2013 | 12 | 12 |
| | <hr/> | <hr/> |

The principal undertakings in which the Company's interest at the year end is more than 20% are as follows.

| | Country of incorporation | Registered number | Principal activity | Class and percentage of shares held | Amount of capital and reserves | Profit for the year |
|--------------------------------------|-----------------------------|----------------------|-----------------------|---|---|------------------------|
| <i>Subsidiary undertakings</i> | | | | | | |
| Ezbob UK Limited | United Kingdom | 08152728 | Dormant | Ordinary 100% | £10 | £nil |
| Orange Money Ezbob Israel Limited | Israel | Not applicable | Admin. duties | Ordinary 100% | £150,959 | £86,512 |

Notes (continued)

9 Debtors

| | Group | | Company | |
|---------------------|------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Finance receivables | 9,543,599 | 2,733,453 | 9,543,599 | 2,733,453 |
| Other debtors | 7,057 | 24,143 | 1,000 | 1,000 |
| Prepayments | 81,417 | 40,546 | 73,095 | 33,981 |
| | <u>9,632,073</u> | <u>2,798,142</u> | <u>9,617,694</u> | <u>2,768,434</u> |

Finance receivables include deferred acceptance fees in the amount of £316,921 (2013: £nil).

10 Creditors: amounts falling due within one year

| | Group | | Company | |
|----------------------------|------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Trade creditors | 160,930 | 38,515 | 80,132 | 29,327 |
| Amounts owed to subsidiary | - | - | 307,644 | 43,503 |
| Other creditors | 162,286 | 77,706 | 21,251 | 21,251 |
| Convertible loans | - | 724,480 | - | 724,480 |
| Debenture loans | 4,900,000 | 135,000 | 4,900,000 | 135,000 |
| Accruals | 551,426 | 72,971 | 539,833 | 71,040 |
| | <u>5,774,642</u> | <u>1,048,672</u> | <u>5,848,860</u> | <u>1,024,601</u> |

11 Creditors: amounts falling due after more than one year

| | Group | | Company | |
|-------------------|------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | £ | £ | £ | £ |
| Debenture loans | 1,248,653 | 1,250,000 | 1,248,653 | 1,250,000 |
| Convertible loans | 939,979 | - | 939,979 | - |
| | <u>2,188,632</u> | <u>1,250,000</u> | <u>2,188,632</u> | <u>1,250,000</u> |

During 2014, £866,667 of convertible loans issued during previous years were retired, £731,744 by conversion into shares, and £134,923 by repayment.

In addition, during 2014, the Company issued £3,000,000 of convertible loans with a coupon of 12% over a 24 month period. £2,000,000 of these convertible loans were converted into shares in 2014, and the remaining £1,000,000 were converted in 2015.

The equity components of the convertible loans are presented separately within equity at 31 December 2014.

Notes (continued)

12 Called up share capital

Company

| | 2014 | 2013 |
|---|--------------|--------------|
| | £ | £ |
| <i>Allotted, called up and fully paid</i> | | |
| 156,893 (2013: 139,262) Ordinary shares of £0.01 each | 1,569 | 1,393 |
| | <u>1,569</u> | <u>1,393</u> |

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

13 Share premium and reserves

Group

| | Share premium account | Retranslation reserve | Equity component of convertible debt | Profit and loss account |
|---|-----------------------|-----------------------|--------------------------------------|-------------------------|
| | £ | £ | £ | £ |
| At beginning of year | 3,728,080 | (231) | 47,777 | (2,401,922) |
| Loss for the year | - | - | - | (1,675,293) |
| Premium on share issues, less expenses | 2,801,880 | - | - | - |
| Equity component of new convertible loans | - | - | 67,327 | - |
| Equity component of converted loans | - | - | (47,777) | - |
| Exchange adjustment | - | 20,563 | - | - |
| At end of year | <u>6,529,960</u> | <u>20,332</u> | <u>67,327</u> | <u>(4,077,215)</u> |

Notes (continued)

13 Share premium and reserves (continued)

| Company | Share premium account | Equity component of convertible debts | Profit and loss account |
|---|-----------------------------|---|-------------------------------|
| | £ | £ | £ |
| At beginning of year | 3,728,080 | 47,777 | (2,490,668) |
| Loss for the year | - | - | (1,742,390) |
| Premium on share issues, less expenses | 2,801,880 | - | - |
| Equity component of new convertible loans | - | 67,327 | - |
| Equity component of converted loans | - | (47,777) | - |
| At end of year | <u>6,529,960</u> | <u>67,327</u> | <u>(4,233,058)</u> |

14 Related party disclosures

Company

Other creditors includes £9,790 (2013: £9,790) due to FE Capital Limited, a company in which T. Guriel is a shareholder and director. Debenture Loans includes £200,000 (2013: £Nil) owed to FE Capital. During the year £143,838 was paid to FE Capital for director's services and loan interest payments.

During the year £119,370 was paid to Chelsea Tech Ltd for director's services a company in which S. Perlstein is a shareholder and director.

During the year, £25,000 of convertible debt due to M.K.O. Richardson, a director of Orange Money Limited was converted into equity. During the year £20,500 was paid to Jendens Securities Ltd, a company controlled by M.K.O. Richardson has control, for director's services.

During the year, £343,542 of convertible debt due to Hagshama Ezbob, a Limited Partnership in which A. Bramli, a director of Orange Money Limited, has control was converted into equity. Debenture Loans includes £1,250,000 (2013: £135,000) owed to Hagshama EZBOB. During the year £4,000 was paid to Hagshama Ezbob for director's services.

As at 31 December 2014, an amount of £307,644 (2013: £43,503) was owed to Orange Money Ezbob Israel Limited, a wholly owned subsidiary of Orange Money Limited.

During the year to 31 December 2014, management charges of £2,257,995 (2013: £1,001,898) were paid to Orange Money Ezbob Israel Limited.

Notes (continued)

15 Post balance sheet events

On 8 January 2015, the Company entered into a Facility Agreement with EDF Sky Eurocore S.a.r.l for a facility in the amount of £5,000,000. On March 3, 2015, the Company and EDF Sky Eurocore S.a.r.l signed an amendment to the Facility Agreement dated 8 January 2015, increasing the amount of the facility to £7,500,000. The facility was repaid on April 7, 2015, as described below.

On January 14, 2015, the Company issued 2,228 ordinary shares to former employees for their nominal value of £0.01 per share, in connection with the cashless exercise of their incentive options.

On February 23, 2015, the Company purchased 100% of the share capital of Everline Holdco Limited, which holds all of the operating assets (but not the previously existing loan book) of the business-loan operations of the Wonga group which were operated under the brand name Everline.

On 31 March 2015, the Company's wholly owned subsidiary, Ezbob UK Limited, entered into a Facility Agreement with EDF Sky Eurocore S.a.r.l for a facility in the amount of £20,000,000, which may be increased, at the discretion of the lender, to £30,000,000. The Company guaranteed the obligations of Ezbob UK Limited under the facility agreement, and the obligations of the Company are secured by fixed and floating charges over all of the assets of the Company. On April 7, 2015, Ezbob UK Limited made an initial drawdown under the facility in the amount of £15,282,500.

On April 7, 2015, in the context of the drawdown of the facility, the Company sold to Ezbob UK Limited performing loans in exchange for their face value, which was paid in cash (including set off of obligations of the Company to EDF Sky Eurocore S.a.r.l which were paid by Ezbob UK Limited) and a deemed contribution to the capital of Ezbob UK Limited.

On or about April 7, 2015, in the context of the drawdown of the facility, the Company repaid shareholder debt in the amount of £4,400,000.

On April 2, 2015, the Company issued 4,492 ordinary shares to the Lahav Fund Limited Partnership, in consideration of conversion of debt in the amount of £1,000,000.