Company Registration No. 08267810 (England and Wales)

365 BUSINESS FINANCE LIMITED

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021

PAGES FOR FILING WITH REGISTRAR

365 BUSINESS FINANCE LIMITED

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365 BUSINESS FINANCE LIMITED

GROUP AND COMPANY BALANCE SHEETS

AS AT 30 APRIL 2021

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Fixed assets					
Tangible assets	**6**	29,769	52,151	29,769	52,151
Investments	**7**	-	-	1	1
		29,769	52,151	29,770	52,152
Current assets					
Debtors	**9**	10,954,427	13,010,774	4,208,139	1,794,651
Cash at bank and in hand		723,272	929,144	103,533	169,511
		11,677,699	13,939,918	4,311,672	1,964,162
Creditors: amounts falling due within one year	**10**	(1,804,867)	(376,676)	(1,804,867)	(376,676)
Net current assets		9,872,832	13,563,242	2,506,805	1,587,486
Total assets less current liabilities		9,902,601	13,615,393	2,536,575	1,639,638
Creditors: amounts falling due after more than one year	**11**				
Loans and overdrafts		(5,050,000)	(10,500,000)	(50,000)	(1,450,000)
Convertible loan notes		(2,361,041)	-	(2,361,041)	-
		(7,411,041)	(10,500,000)	(2,411,041)	(1,450,000)
Deferred income	**12**	(2,366,026)	(2,925,755)	-	-
Net assets		125,534	189,638	125,534	189,638
Capital and reserves					
Called up share capital	**13**	1,616	1,051,659	1,616	1,051,659
Share premium account	**14**	2,472,692	2,472,692	2,472,692	2,472,692
Other reserves	**15**	1,349,743	299,700	1,349,743	299,700
Profit and loss reserves	**16**	(3,698,517)	(3,634,413)	(3,698,517)	(3,634,413)
Total equity		125,534	189,638	125,534	189,638

The directors of the group have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared in accordance with the provisions applicable to groups and companies subject to the small companies regime.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £64,104 (2020 - £1,242,247 loss).

365 BUSINESS FINANCE LIMITED

GROUP AND COMPANY BALANCE SHEETS (CONTINUED)

AS AT 30 APRIL 2021

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 31 January 2022 and are signed on its behalf by:

Mr A D Raphaely
Director

Company Registration No. 08267810

365 BUSINESS FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021

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1 Accounting policies

Company information
365 BUSINESS FINANCE LIMITED ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 13-15 Rosemont Road, London, NW3 6NG.

The group consists of 365 BUSINESS FINANCE LIMITED and its subsidiary 365 BUSINESS FINANCE SUB LIMITED.

1.1 Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation
In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company 365 Business Finance Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 April 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the g roup.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Turnover
Turnover represents fee income received from clients recognised over the life of the advance.

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1 Accounting policies **(Continued)**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Straight line over the remaining term of the lease.
Fixtures, fittings & equipment	Straight line over 3 years.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.5 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1 Accounting policies **(Continued)**

1.6 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash at bank and in hand

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

1.8 Financial instruments

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

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

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

1 Accounting policies **(Continued)**

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

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

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

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

1 Accounting policies **(Continued)**

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.9 Compound instruments

The component parts of compound instruments issued by the group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

1.10 Equity instruments

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

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

3 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	9,900	9,600

4 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2021	2020	2021	2020
	Number	Number	Number	Number
Total employees	28	26	28	26

5 Taxation

	2021	2020
	£	£
Current tax		
Research and development tax credits	(192,323)	(94,802)
Deferred tax		
Previously unrecognised tax loss, tax credit or timing difference	(612,493)	-
Total tax credit	(804,816)	(94,802)

6 Tangible fixed assets

Group	Leasehold improvements	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 May 2020	58,689	26,462	85,151
Additions	1,250	5,260	6,510
At 30 April 2021	59,939	31,722	91,661
Depreciation and impairment			
At 1 May 2020	24,179	8,821	33,000
Depreciation charged in the year	18,318	10,574	28,892
At 30 April 2021	42,497	19,395	61,892
Carrying amount			
At 30 April 2021	17,442	12,327	29,769
At 30 April 2020	34,510	17,641	52,151

Company	Leasehold improvements	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 May 2020	58,689	26,462	85,151
Additions	1,250	5,260	6,510
At 30 April 2021	59,939	31,722	91,661
Depreciation and impairment			
At 1 May 2020	24,179	8,821	33,000
Depreciation charged in the year	18,318	10,574	28,892
At 30 April 2021	42,497	19,395	61,892
Carrying amount			
At 30 April 2021	17,442	12,327	29,769
At 30 April 2020	34,510	17,641	52,151

7 Fixed asset investments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
	-	-	1	1

Movements in fixed asset investments

Company	Shares in subsidiaries £
Cost or valuation	
At 1 May 2020 and 30 April 2021	1
Carrying amount	
At 30 April 2021	1
At 30 April 2020	1

8 Subsidiaries

Details of the company's subsidiaries at 30 April 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
365 Business Finance Sub Limited	United Kingdom	Ordinary shares	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
365 Business Finance Sub Limited	1	-

9 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Advance book	9,616,890	12,575,981	-	-
Corporation tax recoverable	-	94,802	-	94,802
Amounts owed by group	-	-	2,870,602	1,391,124
Other debtors	725,044	339,991	725,044	308,725
	10,341,934	13,010,774	3,595,646	1,794,651
Amounts falling due after more than one year:				
Deferred tax asset	612,493	-	612,493	-
Total debtors	10,954,427	13,010,774	4,208,139	1,794,651

10 Creditors: amounts falling due within one year

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	34,241	2,767	34,241	2,767
Other borrowings	1,325,000	-	1,325,000	-
Trade creditors	445,626	373,909	445,626	373,909
	1,804,867	376,676	1,804,867	376,676

11 Creditors: amounts falling due after more than one year

	Group 2021 £	2020 £	Company 2021 £	2020 £
Convertible loan notes	2,361,041	-	2,361,041	-
Bank loans and overdrafts	50,000	-	50,000	-
Other creditors	5,000,000	10,500,000	-	1,450,000
	7,411,041	10,500,000	2,411,041	1,450,000

12 Deferred income

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Other deferred income	2,366,026	2,925,755	-	-

13 Share capital

	Group and company	
	2021	2020
Ordinary share capital	£	£
Issued and fully paid		
16,168 (2020: 13,594) Ordinary of 10p each	1,616	1,359
Preference share capital		
Issued and fully paid		
0 (2020: 1,050,000) A Preference of £1 each	-	1,050,000
0 (2020: 300,000) B Preference of 0.1p each	-	300
	-	1,050,300
Preference shares classified as equity	-	1,050,300
Total equity share capital	1,616	1,051,659

During the year 1,050,000 "A" preference shares of £1 each were converted into 2,321 new ordinary shares of £0.10 each and a further 253 new ordinary shares of £0.10 each were issued.

14 Share premium account

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
At the beginning and end of the year	2,472,692	2,472,692	2,472,692	2,472,692

15 Other reserves

Group	**£**
At 1 May 2019	299,700
At 30 April 2020	299,700
Other movements	1,050,043
At 30 April 2021	1,349,743

Company	**£**
At 1 May 2019	299,700
At 30 April 2020	299,700
Other movements	1,050,043
At 30 April 2021	1,349,743

Other reserves were created as follows

- In the year ended 30 April 2016 when 300,000 "A" preference shares of £1 each were converted into 300,000 "B" preference shares of £0.001 each and the balance of £299,700 was moved to general reserve supported by a special resolution and solvency statement.

- In the year ended 30 April 2021, 1,050,000 "A" preference shares of £1 each were converted into 2321 new ordinary shares of £0.1 each, 300,000 "B" preference shares of £0.001 each were redeemed and share options were exercised to issue 253 new ordinary shares of £0.1 each and the balance of £1,050,043 was moved to general reserve supported by a special resolution and solvency statement.

16 Profit and loss reserves

	Group		**Company**	
	2021	**2020**	**2021**	**2020**
	£	**£**	**£**	**£**
At the beginning of the year	(3,634,413)	(2,392,166)	(3,634,413)	(2,392,166)
Loss for the year	(64,104)	(1,242,247)	(64,104)	(1,242,247)
At the end of the year	(3,698,517)	(3,634,413)	(3,698,517)	(3,634,413)

17 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report dated 31 January 2022 was unqualified.

The senior statutory auditor was Anthony I Benosiglio.

The auditor was Goldwins Limited.

18 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
	101,675	159,775	101,675	159,775