

**REGISTERED NUMBER: 07296295 (England and Wales)**

**REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013  
FOR  
IMUTUAL PLC**

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for the Year Ended 30 June 2013**

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**COMPANY INFORMATION**  
**for the Year Ended 30 June 2013**

**DIRECTORS:**

R Yendall  
Mrs S Yendall

**REGISTERED OFFICE:**

12 Payton Street  
Stratford upon Avon  
Warwickshire  
CV37 6UA

**REGISTERED NUMBER:**

07296295 (England and Wales)

**AUDITORS:**

Cooper Adams Ltd  
12 Payton Street  
Stratford upon Avon  
Warwickshire  
CV37 6UA

## **REPORT OF THE DIRECTORS for the Year Ended 30 June 2013**

The directors present their report with the financial statements of the company for the year ended 30 June 2013.

### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a marketing company.

The company generates revenues through the promotion of online retail offers on its website [imutual.co.uk](http://imutual.co.uk), earning commission on a Cost-per-action (CPA) basis. It passes that cashback to its customers and also offers free shares in the company as an incentive for them to transact on the website and recommend it to others.

### **REVIEW OF BUSINESS**

The year under review was the company's third year of operation. We made continuous improvements to our cashback service, with a dual aim of generating the maximum amount of cashback for members whilst also establishing a reputation as the most reliable and trustworthy cashback website. To date, imutual can boast the following achievements:

- We have extended our range of cashback merchants to over 3,000.
- We launched our "mutual dividend" initiative, beating the rates offered by our largest two competitors on over 80% of our merchants.
- We have tracked and awarded cashback to imutual members over two million times.
- We launched a new site design to make imutual more attractive to prospective members and easier to navigate for existing members.

### **Performance of the business**

During the year, our revenues more than doubled from £118,296 to £260,881. This represents a small fraction of the potential revenues the company can achieve in the long term, but at this early stage for imutual we are pleased to see such a significant increase in turnover. It should be noted that this figure included a significant contribution from a small number of deals which we do not expect to see repeated in the following year. That said, the underlying performance of the business is clearly showing an improving trend.

We also achieved our first annual profit, a significant milestone in the company's development. Again, it may be difficult to repeat this achievement in the following year, due to limited profit margins and the need to invest in the website's development. Unlike other companies, imutual does not seek to maximise its profits; its primary goal is to deliver the best possible savings for its customers whilst managing its costs prudently and increasing the value of the company.

Our administrative expenses for the year were £65,339. By way of comparison, the equivalent figures for the two largest UK cashback websites are £5.3m (year to July 2012) and £3.6m (year to Jan 2013).

We attracted a further 5,077 members to the website during the year. imutual's approach to recruitment has been to rely on word-of-mouth recommendation rather than spend members' funds on advertising. We are continuing to see an increase in favourable commentary of imutual on third party websites and, together with planned improvements to the website and other initiatives such as tell-a-friend incentives, we hope to recruit significantly more members in the year ahead.

### **Financial position**

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross margin and return on capital employed.

The company reported a profit after tax of £1,883. Share capital in issue at the year end was £12,527 and closing reserves were -£16,350. The amount of cash at bank has increased from £7,899 to £32,074. The directors have demonstrated their commitment to the business by giving a written undertaking to provide ongoing financial support for the company.

**REPORT OF THE DIRECTORS**  
**for the Year Ended 30 June 2013**

**RISK MANAGEMENT**

The directors are aware of their responsibilities to review and manage any perceived risks to the business. Our analysis of current areas of risk for the company is as follows:

**Credit risk**

imutual's revenues are spread across several hundred different merchants, and each merchant relationship is managed through one of around twenty third party affiliate networks. The company takes care to ensure that it does not become over-reliant on revenue from a single source and takes active steps to manage credit risk.

**Commercial risk**

The company operates standard marketing agreements with affiliate networks, in an industry with which the directors have considerable experience. The company has taken expert advice from several sources with regards to the share offer, and will continue to review its legal framework to ensure that the imutual business model complies with the UK's regulatory environment.

**Cashflow**

In general, website members are only paid once imutual receives payment from the merchant for the associated transactions. In addition, the company has minimal overheads to maintain and strives to keep sufficient cash resources to meet any future expenses.

**DIVIDENDS**

No dividends will be distributed for the year ended 30 June 2013.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2012 to the date of this report.

R Yendall  
Mrs S Yendall

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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.

**REPORT OF THE DIRECTORS  
for the Year Ended 30 June 2013**

**AUDITORS**

The auditors, Cooper Adams Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

R Yendall - Director

6 November 2013

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IMUTUAL PLC**

We have audited the financial statements of imutual Plc for the year ended 30 June 2013 on pages six to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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 auditors**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Cooper FCA (Senior Statutory Auditor)  
for and on behalf of Cooper Adams Ltd  
12 Payton Street  
Stratford upon Avon  
Warwickshire  
CV37 6UA

6 November 2013

**PROFIT AND LOSS ACCOUNT**  
for the Year Ended 30 June 2013

	Notes	2013 £	2012 £
<b>TURNOVER</b>		260,881	118,296
Cost of sales		193,175	86,711
<b>GROSS PROFIT</b>		67,706	31,585
Administrative expenses		65,339	37,430
<b>OPERATING PROFIT/(LOSS)</b>	3	2,367	(5,845)
Interest receivable and similar income		-	1
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,367	(5,844)
Tax on profit/(loss) on ordinary activities	4	484	(1,156)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		1,883	(4,688)

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.



**BALANCE SHEET**  
**30 June 2013**

	Notes	2013 £	2012 £
<b>CURRENT ASSETS</b>			
Debtors	5	62,605	43,145
Cash at bank		32,074	7,899
		<u>94,679</u>	<u>51,044</u>
<b>CREDITORS</b>			
Amounts falling due within one year	6	111,029	69,296
		<u>(16,350)</u>	<u>(18,252)</u>
<b>NET CURRENT LIABILITIES</b>			
		<u>(16,350)</u>	<u>(18,252)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>(16,350)</u>	<u>(18,252)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	12,527	12,508
Profit and loss account	9	(28,877)	(30,760)
	13	<u>(16,350)</u>	<u>(18,252)</u>

The financial statements were approved by the Board of Directors on 6 November 2013 and were signed on its behalf by:

R Yendall - Director

**CASH FLOW STATEMENT**  
**for the Year Ended 30 June 2013**

	Notes	2013 £	2012 £
<b>Net cash inflow from operating activities</b>	1	23,918	921
<b>Returns on investments and servicing of finance</b>	2	-	1
		<u>23,918</u>	<u>922</u>
<b>Financing</b>	2	<u>257</u>	<u>921</u>
<b>Increase in cash in the period</b>		<u><u>24,175</u></u>	<u><u>1,843</u></u>

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**Reconciliation of net cash flow to movement in net funds**

	3		
Increase in cash in the period		<u>24,175</u>	<u>1,843</u>
Change in net funds resulting from cash flows		<u>24,175</u>	<u>1,843</u>
<b>Movement in net funds in the period</b>		<u>24,175</u>	<u>1,843</u>
<b>Net funds at 1 July</b>		<u>7,899</u>	<u>6,056</u>
<b>Net funds at 30 June</b>		<u><u>32,074</u></u>	<u><u>7,899</u></u>

**NOTES TO THE CASH FLOW STATEMENT**  
for the Year Ended 30 June 2013

**1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2013 £	2012 £
Operating profit/(loss)	2,367	(5,845)
Increase in loans to group companies	(1,560)	(1,514)
Increase in debtors	(18,384)	(12,659)
Increase in creditors	41,495	20,939
<b>Net cash inflow from operating activities</b>	<u>23,918</u>	<u>921</u>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2013 £	2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received	-	1
<b>Net cash inflow for returns on investments and servicing of finance</b>	<u>-</u>	<u>1</u>
<b>Financing</b>		
Amount introduced by directors	1,703	1,465
Amount withdrawn by directors	(1,465)	(550)
Share issue	19	6
<b>Net cash inflow from financing</b>	<u>257</u>	<u>921</u>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.7.12 £	Cash flow £	At 30.6.13 £
Net cash:			
Cash at bank	7,899	24,175	32,074
	<u>7,899</u>	<u>24,175</u>	<u>32,074</u>
<b>Total</b>	<u>7,899</u>	<u>24,175</u>	<u>32,074</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year Ended 30 June 2013

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The company is showing net current liabilities and net liabilities as at 30 June 2013 and 30 June 2012. The financial statements have been prepared on a going concern basis which assumes that the company will continue in operation for the foreseeable future.

The directors believe that the company will achieve sufficient growth in order for the company to continue to trade as a going concern.

If the company was unable to continue its operations for the foreseeable future, adjustments would be required to provide for any reclassification and impairment of assets to their recoverable amounts. These financial statements do not include any such adjustments.

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover represents the amounts receivable from affiliate networks and other customers in the year, excluding value added tax. Commissions generated are recognised at the point that the original transaction takes place. A provision is made for any transactions not validated by merchants at the date of the audit report.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**2. STAFF COSTS**

	2013	2012
	£	£
Wages and salaries	45,698	29,106
Social security costs	1,810	673
	<u>47,508</u>	<u>29,779</u>

The average monthly number of employees during the year was as follows:

	2013	2012
Administration	1	1
Management	2	2
	<u>3</u>	<u>3</u>

**3. OPERATING PROFIT/(LOSS)**

The operating profit (2012 - operating loss) is stated after charging:

	2013	2012
	£	£
Auditors' remuneration	<u>1,916</u>	<u>1,860</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 30 June 2013**

**3. OPERATING PROFIT/(LOSS) - continued**

Directors' remuneration	31,070	15,000
	<u>          </u>	<u>          </u>

**4. TAXATION**

**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

	2013 £	2012 £
Deferred tax	484	(1,156)
	<u>          </u>	<u>          </u>
Tax on profit/(loss) on ordinary activities	484	(1,156)
	<u>          </u>	<u>          </u>

**Factors affecting the tax charge/(credit)**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2013 £	2012 £
Profit/(loss) on ordinary activities before tax	2,367	(5,844)
	<u>          </u>	<u>          </u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2012 - 20%)	473	(1,169)
Effects of:		
Expenses not deductible for tax purposes	11	13
Tax losses	(484)	1,156
	<u>          </u>	<u>          </u>
Current tax charge/(credit)	-	-
	<u>          </u>	<u>          </u>

**Factors that may affect future tax charges**

The company has tax losses of £24,650 that are available indefinitely for offset against future taxable profits of the company. A deferred tax asset has been recognised in respect of these losses.

**5. DEBTORS**

	2013 £	2012 £
Amounts falling due within one year:		
Trade debtors	52,538	35,792
Amounts owed by group undertakings	3,074	-
Other debtors	1,797	-
Deferred tax asset	4,930	5,414
Prepayments	266	-
	<u>          </u>	<u>          </u>
	62,605	41,206
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 30 June 2013**

**5. DEBTORS - continued**

	2013 £	2012 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	-	1,514
Other debtors	-	425
	<u>-</u>	<u>1,939</u>
Aggregate amounts	<u>62,605</u>	<u>43,145</u>

**6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013 £	2012 £
Trade creditors	76,310	46,970
Social security and other taxes	23,685	16,399
Directors' current accounts	1,703	1,465
Accrued expenses	9,331	4,462
	<u>111,029</u>	<u>69,296</u>

**7. DEFERRED TAX**

	£
Balance at 1 July 2012	(5,414)
Tax losses utilised	484
Balance at 30 June 2013	<u>(4,930)</u>

**8. CALLED UP SHARE CAPITAL**

Allotted and issued:

Number:	Class:	Nominal Value:	Paid up	£
3,645,429	Ordinary	£0.00001	100%	36
4,996,354,571	Ordinary	£0.00001	25%	12,491
				<u>12,527</u>
				<u>5,000,000,000</u>

During the year 2,592,737 (2012: 747,311) ordinary shares of £0.00001 each were fully paid up at par.

**9. RESERVES**

	Profit and loss account £
At 1 July 2012	(30,760)
Profit for the year	1,883
At 30 June 2013	<u>(28,877)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the Year Ended 30 June 2013**

**10. ULTIMATE PARENT COMPANY**

The company's ultimate parent company is IMTL Member Shares Ltd.

**11. RELATED PARTY DISCLOSURES**

**R Yendall**

A director of the company.

During the year R Yendall received £299 (2012: £233) from imutual Plc for commissions earned through affiliate networks, as a member of the imutual Plc website. The amount owed to R Yendall at the year end was £113 (2012: £480) and is included in trade creditors.

During the year R Yendall paid £1,703 (2012: £1,465) in expenses on behalf of the company. At the balance sheet date £1,703 (2012: £1,465) was owed to R Yendall.

**Mrs S Yendall**

A director of the company.

During the year S Yendall received £30 (2012: £nil) from imutual Plc for commissions earned through affiliate networks, as a member of the imutual Plc website. The amount owed to S Yendall at the year end was £30 (2012: £19) and is included in trade creditors.

**imutual Worldwide Ltd**

A company controlled by R Yendall.

During the year the company made net loans of £1,372 (2012: made net loan repayments of £11,156) to imutual Worldwide Ltd. The amount owed by imutual Worldwide Ltd at the year end was £1,797 (2012: £425).

**12. ULTIMATE CONTROLLING PARTY**

The company is controlled by R Yendall, director of the company, by virtue of his 100% shareholding in the parent company, IMTL Member Shares Ltd.

**13. RECONCILIATION OF MOVEMENTS IN RESERVES**

	2013	2012
	£	£
Profit/(loss) for the financial year	1,883	(4,688)
Share capital issued	19	6
	<hr/>	<hr/>
<b>Net addition/(reduction) to reserves</b>	1,902	(4,682)
Opening reserves	(18,252)	(13,570)
	<hr/>	<hr/>
<b>Closing reserves</b>	<u>(16,350)</u>	<u>(18,252)</u>