

IMUTUAL PLC
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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for the Year Ended 30 June 2015**

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COMPANY INFORMATION
for the Year Ended 30 June 2015

DIRECTORS:

R Yendall
Mrs S Yendall

SECRETARY:

R Yendall

REGISTERED OFFICE:

12 Payton Street
Stratford upon Avon
Warwickshire
CV37 6UA

REGISTERED NUMBER:

07296295 (England and Wales)

AUDITORS:

Cooper Adams Ltd
Chartered Accountants
and Statutory Auditors
12 Payton Street
Stratford upon Avon
Warwickshire
CV37 6UA

STRATEGIC REPORT for the Year Ended 30 June 2015

The directors present their strategic report for the year ended 30 June 2015.

The year under review was the company's fifth 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. Since the last annual report, imutual has:

- Maintained a highly reliable cashback service across over 3000 merchants;
- Integrated feeds of thousands of products from several Daily Deals sites;
- Launched daily and weekly email services for deals matching members' preferences and local to their postcode;
- Launched our unique "Cashback guarantee" to cement our growing reputation as the UK's most trustworthy cashback site;
- Won the "Commended" award in the "Best Cashback Website" category of the Consumer Moneyfacts Awards;
- Launched the Cashback Investment Club, allowing members to drip-feed their cashback earnings into stockmarket investments.

REVIEW OF BUSINESS

During the year, our revenues were down 9.4% at £143,411. However, by careful management of our retailer offers (including the addition of non-cashback advertising) we achieved a slightly increased gross profit of £35,864.

The directors reduced their combined remuneration to just £8,250, resulting in total administrative expenses of only £31,236 (down from £59,830). By way of comparison, the combined expenses of the two largest UK cashback websites are in the region of £13m per year. At some point, the Directors will need to normalise their remuneration but remain committed to ensuring the financial stability of the company. Uniquely amongst cashback websites, your directors continue to protect members cashback balances courtesy of personal guarantees.

The accounts show an operating profit of £4,628 compared with a loss £25,149 the previous year. imutual is different from other companies, in that it seeks to maximise the benefits to members rather than the profits for its shareholders. However, this modest profit helps to strengthen the company's balance sheet.

We attracted a further 1,085 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. Increasing the size of our membership is vital to the continued growth of your company, and we will continue to support, encourage and reward members who help to generate positive publicity for imutual.

PRINCIPAL RISKS AND UNCERTAINTIES

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.

**STRATEGIC REPORT
for the Year Ended 30 June 2015****FINANCIAL POSITION**

The company reported a profit after tax of £3,762 and the closing reserves were (£32,715.) The company has reported a negative net asset position throughout its five years of operation, and members should note that the directors have given a written undertaking to provide ongoing financial support for the company. Additionally, cashback balances (which represent the overwhelming proportion of company creditors) are explicitly protected by a Directors Guarantee.

PLANS FOR FUTURE PERIODS

We will continue to make incremental improvements to our cashback service, extending the range of cashback offers and consolidating unique elements such as the Cashback Guarantee and Investment Club. Given the limited resources available to the company, there are unlikely to be any significant product developments during the next financial period. However, we will continue to encourage viral promotion of imutual in order to generate increased revenues. These in turn can be used to invest further in the site's development in future years.

ON BEHALF OF THE BOARD:

R Yendall - Director

9 December 2015

REPORT OF THE DIRECTORS for the Year Ended 30 June 2015

The directors present their report with the financial statements of the company for the year ended 30 June 2015.

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, 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.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2015.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2014 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 2015**

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

9 December 2015

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 2015 on pages eight to fifteen. 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 four, 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 Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2015 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IMUTUAL PLC

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
Chartered Accountants
and Statutory Auditors
12 Payton Street
Stratford upon Avon
Warwickshire
CV37 6UA

9 December 2015

PROFIT AND LOSS ACCOUNT
for the Year Ended 30 June 2015

	Notes	2015 £	2014 £
TURNOVER		143,411	158,315
Cost of sales		107,547	123,634
GROSS PROFIT		35,864	34,681
Administrative expenses		31,236	59,830
OPERATING PROFIT/(LOSS)	3	4,628	(25,149)
Interest receivable and similar income		75	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		4,703	(25,149)
Tax on profit/(loss) on ordinary activities	4	941	(5,002)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		3,762	(20,147)

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 2015

	Notes	2015 £	2014 £
CURRENT ASSETS			
Debtors	5	45,920	44,849
Cash at bank		301	3,440
		<u>46,221</u>	<u>48,289</u>
CREDITORS			
Amounts falling due within one year	6	77,956	84,775
NET CURRENT LIABILITIES		<u>(31,735)</u>	<u>(36,486)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(31,735)	(36,486)
CREDITORS			
Amounts falling due after more than one year	7	980	-
NET LIABILITIES		<u>(32,715)</u>	<u>(36,486)</u>
CAPITAL AND RESERVES			
Called up share capital	9	12,547	12,538
Profit and loss account	10	<u>(45,262)</u>	<u>(49,024)</u>
	14	<u>(32,715)</u>	<u>(36,486)</u>

The financial statements were approved by the Board of Directors on 9 December 2015 and were signed on its behalf by:

R Yendall - Director

CASH FLOW STATEMENT
for the Year Ended 30 June 2015

	Notes	2015 £	2014 £
Net cash outflow from operating activities	1	(1,896)	(28,711)
Returns on investments and servicing of finance	2	75	-
		<u>(1,821)</u>	<u>(28,711)</u>
Financing	2	<u>(1,318)</u>	<u>77</u>
Decrease in cash in the period		<u><u>(3,139)</u></u>	<u><u>(28,634)</u></u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Decrease in cash in the period		<u>(3,139)</u>	<u>(28,634)</u>
Change in net funds resulting from cash flows		<u>(3,139)</u>	<u>(28,634)</u>
Movement in net funds in the period		<u>(3,139)</u>	<u>(28,634)</u>
Net funds at 1 July		<u>3,440</u>	<u>32,074</u>
Net funds at 30 June		<u><u>301</u></u>	<u><u>3,440</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 30 June 2015

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

	2015 £	2014 £
Operating profit/(loss)	4,628	(25,149)
Increase in loans to group companies	(1,658)	(1,608)
(Increase)/decrease in debtors	(339)	24,366
Decrease in creditors	(4,527)	(26,320)
Net cash outflow from operating activities	(1,896)	(28,711)

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

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	75	-
Net cash inflow for returns on investments and servicing of finance	75	-
Financing		
Amount introduced by directors	1,965	6,636
Amount withdrawn by directors	(3,292)	(6,570)
Share issue	9	11
Net cash (outflow)/inflow from financing	(1,318)	77

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.7.14 £	Cash flow £	At 30.6.15 £
Net cash:			
Cash at bank	3,440	(3,139)	301
	<u>3,440</u>	<u>(3,139)</u>	<u>301</u>
Total	<u>3,440</u>	<u>(3,139)</u>	<u>301</u>

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 June 2015

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The company is showing net current liabilities and net liabilities as at 30 June 2015 and 30 June 2014. 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

	2015 £	2014 £
Wages and salaries	23,202	39,552
Social security costs	-	2,999
	<u>23,202</u>	<u>42,551</u>

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

	2015	2014
Administration	1	1
Management	1	2
	<u>2</u>	<u>3</u>

3. OPERATING PROFIT/(LOSS)

The operating profit (2014 - operating loss) is stated after charging:

	2015 £	2014 £
Auditors' remuneration	<u>1,998</u>	<u>1,973</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2015

3. OPERATING PROFIT/(LOSS) - continued

Directors' remuneration	8,250	24,600
	<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:

	2015 £	2014 £
Current tax:		
UK corporation tax	15	-
Deferred tax	926	(5,002)
	<u> </u>	<u> </u>
Tax on profit/(loss) on ordinary activities	941	(5,002)
	<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:

	2015 £	2014 £
Profit/(loss) on ordinary activities before tax	4,703	(25,149)
	<u> </u>	<u> </u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 20%)	941	(5,030)
Effects of:		
Expenses not deductible for tax purposes	-	28
Tax losses	(926)	5,002
	<u> </u>	<u> </u>
Current tax charge/(credit)	15	-
	<u> </u>	<u> </u>

Factors that may affect future tax charges

The company has tax losses of £45,034 (2014: £49,662) 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: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade debtors	30,574	30,224
Amounts owed by group undertakings	6,340	4,682
Other debtors	-	11
Deferred tax asset	9,006	9,932
	<u> </u>	<u> </u>
	45,920	44,849
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2015

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Trade creditors	69,547	76,576
Corporation tax	15	-
Social security and other taxes	2,823	1,753
Directors' current accounts	442	1,769
Accrued expenses	5,129	4,677
	<u>77,956</u>	<u>84,775</u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015	2014
	£	£
Other creditors	<u>980</u>	<u>-</u>

8. DEFERRED TAX

	£
Balance at 1 July 2014	(9,932)
Charge to Profit and Loss Account during year	<u>926</u>
Balance at 30 June 2015	<u>(9,006)</u>

9. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal Value:	Paid up	£
6,285,102	Ordinary	£0.00001	100%	63
4,993,714,898	Ordinary	£0.00001	25%	<u>12,484</u>
<u>5,000,000,000</u>				<u>12,547</u>

During the year 1,313,254 (2014: 1,326,419) ordinary shares of £0.00001 each were fully paid up at par.

10. RESERVES

	Profit and loss account £
At 1 July 2014	(49,024)
Profit for the year	<u>3,762</u>
At 30 June 2015	<u>(45,262)</u>

11. ULTIMATE PARENT COMPANY

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

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2015

12. RELATED PARTY DISCLOSURES

R Yendall

A director of the company.

During the year R Yendall received £120 (2014: £284) 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 £28 (2014: £10) and is included in trade creditors.

During the year R Yendall paid £630 (2014: £662) in expenses on behalf of the company. At the balance sheet date £442 (2014: £1,769) was owed to R Yendall.

Mrs S Yendall

A director of the company.

During the year S Yendall received £19 (2014: £12) 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 £23 (2014: £3) and is included in trade creditors.

imutual Worldwide Ltd

A company controlled by R Yendall.

During the year imutual Plc received net loans of £991 (2014: £1,786 to) from imutual Worldwide Ltd. The amount owed to imutual Worldwide Ltd at the year end was £980 (2014: owed from imutual Worldwide Ltd £11).

13. 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.

14. RECONCILIATION OF MOVEMENTS IN RESERVES

	2015	2014
	£	£
Profit/(loss) for the financial year	3,762	(20,147)
Share capital issued	9	11
	<hr/>	<hr/>
Net addition/(reduction) to reserves	3,771	(20,136)
Opening reserves	(36,486)	(16,350)
	<hr/>	<hr/>
Closing reserves	<u>(32,715)</u>	<u>(36,486)</u>