

IMUTUAL PLC
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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for the Year Ended 30 June 2017**

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COMPANY INFORMATION
for the Year Ended 30 June 2017

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 2017

The directors present their strategic report for the year ended 30 June 2017.

The year under review was the company's seventh 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.

REVIEW OF BUSINESS

During the year, our revenues decreased by 12% to £147,911. Total administrative expenses were only £42,334. 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 a small loss after tax of £2,842 compared with a net profit of £19,050 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, the Directors remain committed to seeing the company grow, and are confident that imutual will generate increased revenues during the financial year to 30 June 2018.

We attracted a further 571 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 in order for our business model to succeed it is essential that our member shareholders take every opportunity to promote their company and recommend its service to friends, family and colleagues. We will continue to support, encourage and reward members who help to generate positive publicity for imutual, and are always open to ideas and initiatives that our members might like to suggest.

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.

FINANCIAL POSITION

The company reported a loss after tax of £2,842 and the closing reserves were (£16,489). The company has reported a negative net asset position throughout its seven 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.

STRATEGIC REPORT
for the Year Ended 30 June 2017

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

16 November 2017

REPORT OF THE DIRECTORS for the Year Ended 30 June 2017

The directors present their report with the financial statements of the company for the year ended 30 June 2017.

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 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2016 to the date of this report.

R Yendall
Mrs S Yendall

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 2017**

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

16 November 2017

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IMUTUAL PLC

Opinion

We have audited the financial statements of imutual Plc (the 'company') for the year ended 30 June 2017 on pages eight to sixteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IMUTUAL PLC

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

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

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

Our responsibilities for the audit of the financial statements

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

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

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

16 November 2017

STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 30 June 2017

	Notes	2017 £	2016 £
REVENUE		147,911	168,468
Cost of sales		109,129	105,095
GROSS PROFIT		38,782	63,373
Administrative expenses		42,334	39,561
OPERATING (LOSS)/PROFIT and (LOSS)/PROFIT BEFORE TAXATION	4	(3,552)	23,812
Tax on (loss)/profit	5	(710)	4,762
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(2,842)	19,050
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(2,842)	19,050

The notes form part of these financial statements

BALANCE SHEET
30 June 2017

	Notes	2017 £	2016 £
CURRENT ASSETS			
Debtors	6	64,794	70,229
Cash at bank		23,892	5,051
		<u>88,686</u>	<u>75,280</u>
CREDITORS			
Amounts falling due within one year	7	105,175	88,935
		<u>(16,489)</u>	<u>(13,655)</u>
NET CURRENT LIABILITIES			
		<u>(16,489)</u>	<u>(13,655)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>(16,489)</u>	<u>(13,655)</u>
CAPITAL AND RESERVES			
Called up share capital	9	12,565	12,557
Retained earnings	10	(29,054)	(26,212)
		<u>(16,489)</u>	<u>(13,655)</u>

The financial statements were approved by the Board of Directors on 16 November 2017 and were signed on its behalf by:

R Yendall - Director

STATEMENT OF CHANGES IN EQUITY
for the Year Ended 30 June 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2015	12,547	(45,262)	(32,715)
Changes in equity			
Issue of share capital	10	-	10
Total comprehensive income	-	19,050	19,050
Balance at 30 June 2016	<u>12,557</u>	<u>(26,212)</u>	<u>(13,655)</u>
Changes in equity			
Issue of share capital	8	-	8
Total comprehensive income	-	(2,842)	(2,842)
Balance at 30 June 2017	<u><u>12,565</u></u>	<u><u>(29,054)</u></u>	<u><u>(16,489)</u></u>

CASH FLOW STATEMENT
for the Year Ended 30 June 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	18,316	4,135
Tax paid		-	(15)
Net cash from operating activities		<u>18,316</u>	<u>4,120</u>
Cash flows from financing activities			
Amount introduced by directors		656	643
Amount withdrawn by directors		(139)	(23)
Share issue		8	10
Net cash from financing activities		<u>525</u>	<u>630</u>
Increase in cash and cash equivalents		<u>18,841</u>	<u>4,750</u>
Cash and cash equivalents at beginning of year	2	5,051	301
Cash and cash equivalents at end of year	2	<u><u>23,892</u></u>	<u><u>5,051</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 30 June 2017

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017	2016
	£	£
(Loss)/profit before taxation	(3,552)	23,812
Increase in loans to group companies	(1,714)	(1,680)
	<u>(5,266)</u>	<u>22,132</u>
Decrease/(increase) in trade and other debtors	7,859	(27,391)
Increase in trade and other creditors	15,723	9,394
	<u>18,316</u>	<u>4,135</u>
Cash generated from operations	<u><u>18,316</u></u>	<u><u>4,135</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 June 2017

	30.6.17	1.7.16
	£	£
Cash and cash equivalents	<u>23,892</u>	<u>5,051</u>

Year ended 30 June 2016

	30.6.16	1.7.15
	£	£
Cash and cash equivalents	<u>5,051</u>	<u>301</u>

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 30 June 2017

1. STATUTORY INFORMATION

imutual Plc is a private company, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company is showing net current liabilities and net liabilities as at 30 June 2017. 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.

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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2017

3. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	27,210	25,064
Other pension costs	5,150	5,090
	<u>32,360</u>	<u>30,154</u>

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

	2017	2016
Administration	1	1
Management	1	1
	<u>2</u>	<u>2</u>

	2017	2016
	£	£
Directors' remuneration	12,210	10,140
Directors' pension contributions to money purchase schemes	5,000	5,000
	<u></u>	<u></u>

The number of directors to whom retirement benefits were accruing was as follows:

	2017	2016
Money purchase schemes	<u>1</u>	<u>1</u>

4. OPERATING (LOSS)/PROFIT

The operating loss (2016 - operating profit) is stated after charging:

	2017	2016
	£	£
Auditors' remuneration	<u>2,078</u>	<u>2,038</u>

5. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2017	2016
	£	£
Deferred tax	(710)	4,762
Tax on (loss)/profit	<u>(710)</u>	<u>4,762</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	49,887	57,721
Amounts owed by group undertakings	9,734	8,020
Other debtors	18	10
Deferred tax asset	4,954	4,244
Prepayments	201	234
	<u>64,794</u>	<u>70,229</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2017

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	83,659	74,418
Social security and other taxes	14,795	8,644
Directors' current accounts	1,579	1,062
Accrued expenses	5,142	4,811
	<u>105,175</u>	<u>88,935</u>

8. DEFERRED TAX

	£
Balance at 1 July 2016	(4,244)
Credit to Statement of Comprehensive Income during year	<u>(710)</u>
Balance at 30 June 2017	<u><u>(4,954)</u></u>

9. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal Value:	Paid up	£
8,668,573	Ordinary	£0.00001	100%	87
<u>4,991,331,427</u>	Ordinary	£0.00001	25%	<u>12,478</u>
<u><u>5,000,000,000</u></u>				<u><u>12,565</u></u>

During the year 1,085,475 (2016: 1,297,996) ordinary shares of £0.00001 each were fully paid up at par.

10. RESERVES

	Retained earnings £
At 1 July 2016	(26,212)
Deficit for the year	<u>(2,842)</u>
At 30 June 2017	<u><u>(29,054)</u></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 2017

12. RELATED PARTY DISCLOSURES

Mr R Yendall

A director of the company.

During the year R Yendall received £184 (2016: £128) 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 £73 (2016: £15) and is included in trade creditors.

During the year R Yendall paid £656 (2016: £643) in expenses on behalf of the company. At the year end £1,579 (2016: £1,062) was owed to R Yendall.

Mrs S Yendall

A director of the company.

During the year S Yendall received £10 (2016: £30) 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 £53 (2016: £43) and is included in trade creditors.

imutual Worldwide Ltd

A company controlled by Mr R Yendall.

During the year net loans of £8 (2016: £990) were made to imutual Worldwide Ltd . At the year end £18 (2016: £10) was owed from imutual Worldwide Ltd.

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.