Financial Statements

Squirrel Money Limited

For the year ended 31 March 2017

Contents

Company Directory

Incorporated	25 February 2014	
Nature of business	Peer to Peer Lending Manager	
Business location	Auckland	
Registered office	Squirrel Group 20 Beaumont Street Auckland, 1010	
Incorporation number	4995500	
Directors	John Bolton Stewart McRobie Vaughan Underwood	
Shareholders	Squirrel Group Limited	100,000
	Ordinary shares	100,000
Bankers	ASB Bank Limited	
Accountants	Grant Thornton New Zealand Limited Level 4, 152 Fanshawe Street Auckland 1010 New Zealand	
Auditor	KPMG 18 Viaduct Harbour Ave Auckland, 1140	

Directors' Responsibility Statement

The Directors are responsible for the preparation of, in accordance with New Zealand law and generally accepted accounting practice, financial statements which give a true and fair view of the financial position of Squirrel Money Limited as at 31 March 2017 and the results of its operations and cash flows for the year ended 31 March 2017.

The Directors consider that the financial statements of the Company have been prepared using accounting policies appropriate to the Company's circumstances, consistently applied and supported by reasonable and prudent judgements and estimate.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors have responsibility for the maintenance of a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are pleased to present the Company financial statements for the year ended 31 March 2017.

For and on behalf of the Directors:

Stewart McRobie, Chairman

John Bolton, Director and Chief Executive

Statement of Comprehensive Income
For the year ended 31 March 2017

In New Zealand Dollars

	Notes	Company 2017 $	Company 2016 $
Revenue from services	4	214,259	39,647
Finance income	6	21,507	2,357
Total revenue		235,766	42,004
Employee benefit expenses	5	(220,116)	(361,861)
Marketing		(327,249)	(183,820)
Depreciation and amortisation	10 & 11	(103,732)	(48,624)
Professional and consultancy fees	5	(86,669)	(230,103)
Occupancy	5	(386)	(43,741)
Management fees	5	(60,050)	-
Other expenses		(77,810)	(29,393)
Finance expense	6	(110,948)	(676)
Total expenditure		(986,960)	(898,218)
Loss before taxation		(751,194)	(856,214)
Subvention receipt	18	-	284,961
Income tax benefit	7	184,804	99,094
Loss for the year		(566,390)	(472,159)
Other comprehensive income		-	-
Total comprehensive loss for the year		(566,390)	(472,159)

These financial statements should be read in conjunction with the notes to the financial statements.

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Statement of Financial Position
As at 31 March 2017

In New Zealand Dollars

		Company	
		2017	2016
ASSETS	Notes	$	$
Current			
Cash and cash equivalents	8	33,870	4,461
Other assets	9	-	15,744
Related party receivables	18	84,137	312,904
Income tax receivable	7	2,432	878
Total current assets		120,439	333,987
Non-current			
Related party receivables	18	108,818	100,000
Intangible assets	10	421,674	328,886
Deferred tax asset	7	284,022	99,218
Property, plant and equipment	11	705	1,411
Total non-current assets		815,219	529,515
TOTAL ASSETS		935,658	863,502
LIABILITIES			
Current			
Trade creditors and other payables	12	-	(118,452)
Total current liabilities		-	(118,452)
Non-current			
Related party payables	18	(2,188,176)	(1,431,177)
Total non-current liabilities		(2,188,176)	(1,431,177)
TOTAL LIABILITIES		(2,188,176)	(1,549,629)
NET LIABILITIES		(1,252,517)	(686,127)
EQUITY			
Accumulated loss		(1,252,517)	(686,127)
TOTAL EQUITY		(1,252,517)	(686,127)

These financial statements should be read in conjunction with the notes to the financial statements.

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Statement of Changes in Equity
For the year ended 31 March 2017

In New Zealand Dollars

	Notes	Share capital $	Company Accumulated loss $	Total equity $
Balance 1 April 2015		-	(213,968)	(213,968)
Loss for the year		-	(472,159)	(472,159)
Total comprehensive loss for the year		-	(472,159)	(472,159)
Balance 31 March 2016		-	(686,127)	(686,127)
Balance 1 April 2016		-	(686,127)	(686,127)
Loss for the year			(566,390)	(566,390)
Total comprehensive loss for the year		-	(566,390)	(566,390)
Balance 31 March 2017		-	(1,252,518)	(1,252,518)

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Statement of Cash Flows
For the year ended 31 March 2017

In New Zealand Dollars

	Notes	Company 2017 $	Company 2016 $
CASHFLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		214,259	41,808
Interest received	6	4,710	921
		218,969	42,729
Cash was applied to:			
Payment to suppliers and employees		(593,016)	(834,949)
Taxation paid	7	(1,554)	(878)
Interest paid	6	(33)	(10)
		(594,603)	(835,837)
Net cash outflow from operating activities		(375,634)	(793,108)
CASHFLOWS FROM INVESTING ACTIVITIES			
Cash was applied to:			
Purchases of fixed assets	11	-	(1,992)
Purchase and development of software intangible assets	10	(195,813)	(222,661)
		(195,813)	(224,653)
Net cash outflow from investing activities		(195,813)	(224,653)
CASHFLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Squirrel Mortgages Limited	18	756,998	1,044,872
		756,998	1,044,872
Cash was applied to:			
Advances to related parties	18	(156,142)	(27,995)
		(156,142)	(27,995)
Net cash inflow from financing activities		600,856	1,016,877
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		29,409	(884)
Plus Cash and cash equivalents at the beginning of the year		4,461	5,345
Cash and cash equivalents at the end of the year		33,870	4,461
Represented by;			
Bank accounts	8	33,870	4,461
Total bank accounts		33,870	4,461

These financial statements should be read in conjunction with the notes to the financial statements.

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Notes to the Financial Statements

1 Reporting entity

Squirrel Money Limited (the 'Company') is a Company domiciled in New Zealand and registered under the Companies Act 1993.

Squirrel Money Limited is an FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013 and its financial statements comply with the Act.

The principal activity of the Company is Peer to Peer Lending Manager. These financial statements were authorised and approved for issue by the directors on the 24th of July 2017.

2 Basis of preparation

(a) Statement of compliance

The financial statements of Squirrel Money Limited have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as appropriate to profit-orientated entities.

For the purposes of complying with NZ GAAP, the Company is eligible to apply Tier 2 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ('NZIFRS RDR')) on the basis that it does not have higher public accountability and is not a large for-profit public sector entity. The Company has elected to report in accordance with NZ IFRS RDR and has applied all eligible disclosure concessions.

(b) Basis of measurement

The financial statements have been prepared on a historical costs basis, except where otherwise stated.

The financial statements, except for the Statement of Cash Flows, have been prepared on an accruals basis.

The financial statements have been prepared on a going concern basis. Note 19 further discusses **management's** assessment of the going concern assumption.

(c) Presentation currency

The financial statements are presented in New Zealand dollars, which is the Company's functional currency. Numbers presented are rounded to the nearest dollar.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with NZ GAAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to on-going review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

(e) Peer-to-Peer lending services

The Company is licensed under the Financial Markets Conduct Act 2013 by the Financial Markets Authority, and is registered on the Financial Service Providers Register (FSPR) in accordance with the requirements of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 to provide peer-to-peer (P2P) lending services in New Zealand.

The Company acts as agent for Squirrel P2P Trustee Limited (the platform's lender of record) in a number of services provided in relation to the peer-to-peer lending platform including entering into agreements on behalf of Investors, opening and administering bank accounts, transferring funds and settling loans and administering and enforcing the terms of the loans, and as such does not hold the assets or liabilities attributable to the peer-to-peer lending activity undertaken by Squirrel P2P Trustee Limited.

(g) Changes in accounting policies and disclosures

There have been no significant changes in accounting policy.

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Notes to the Financial Statements

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in New Zealand dollars.

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Fee and margin income:

When fees and margin income relate to a specific transaction, they are recognised in the Statement of Comprehensive Income when the transaction occurs.

Interest revenue is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

(c) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised immediately as expenses in profit or loss.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more events (a 'loss event') has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

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Notes to the Financial Statements

3 Summary of significant accounting policies *(continued)*

(c) Financial instruments *(continued)*

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

P2P Reserve Fund

As part of its Peer-to-Peer lending license granted by the FMA, the Company was required to ensure that the Reserve Fund held in Trust by Squirrel P2P Trustees Limited (the Trustee) to protect investors, was maintained at a level greater than 4% of the aggregate loan balances outstanding for the first 12 months from the date the first Borrower was accepted as a Borrower on the lending platform. This 12 month period was reached in November 2016, and as such, the Company is not required to make any further contributions to the Reserve Fund.

As at 31 March 2017, contributions to the Reserve Fund by the Company totalled $200,000 (FY16: $100,000). Per the conditions of the loan, the Trustee will not be required to repay any portion of the advances provided which would cause the amount in the Reserve Fund to fall below 4% of the aggregate loan balances outstanding.

The loan to the Trustee is a financial instrument and is classified as loans and receivables in accordance with NZ IAS 39, and as such it is carried at amortised cost within the financial statements. The receivable balance is recognised at inception by determining its fair value based on the expected timing of its recovery discounted at a rate reflective of the credit risk associated with the Reserve Fund. As at 31 March 2017, management's expectation is that the loan will be repaid during the 2023 financial year and the discount rate used to determine the fair value of the receivable is 12%.

(ii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Note 3(m) discusses the critical accounting estimates and judgements used in the preparation of these financial statements in further detail.

(d) Income tax

Tax benefit comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Company qualifies as part of The Squirrel Group Limited tax group and may therefore transfer tax losses intra-company by either subvention payment or set off. During the year ended 31 March 2017 the company did not recognise any subvention receivable for the use of tax losses by members of the Squirrel Group Limited tax group. (2016: $284,961)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised either within the Company or the Tax Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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Notes to the Financial Statements

3 Summary of significant accounting policies *(continued)*

(e) Intangible assets

Peer to Peer Lending Platform

The Peer to Peer Lending Platform is an internally generated software platform and is carried at cost less amortisation calculated on a straight-line basis over the platform's useful life of between three and five years.

(f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units) which the Directors have assessed as being the consolidated entity. Non-financial assets other than for possible goodwill that suffered an impairment are reviewed for reversal of impairment at each reporting date.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(h) Property, plant & equipment

All property, plant and equipment is stated at historical costs less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation on the following assets is calculated using the diminishing value method at the following rates:

	Rates
Office/Computer Equipment	50%

An **asset's** carrying amount is written down immediately to its recoverable amount if the **asset's** carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in statement of comprehensive income.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured.

(j) Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs are amortised on a systematic basis over the useful life of the project.

(k) Employee benefits

Wages and salaries, annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised as provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

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Notes to the Financial Statements

3 Summary of significant accounting policies *(continued)*

(l) Goods and Services Tax (GST)
All supplies are GST exempt activities. All expenses are recognised gross of GST.

(m) Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty include:

Impairment testing of intangible assets
The P2P platform was launched during the 2016 financial year. It is amortised over between three and five years, and following an impairment test based on the Enterprise Valuation method with key assumptions used being the estimated future free cash flows and a range of discount rates, the carrying value of the P2P platform is deemed appropriate at balance date and represents a fair value of the intangible asset. As with any forward looking projection, there is an element of uncertainty associated with this valuation due to the need to estimate the value and timing of future cashflows.

Research and development
The Company has established an accounting policy to determine the appropriate treatment for the research and development expenditure the company incurs annually. Research costs are expensed as incurred and directly attributable expenditure is capitalised once a project is in its development phase. On an ongoing basis, management examine the R&D spend, evaluating the spend against the criteria for capitalisation in accordance with NZ IAS 38.

Further, significant judgements used to determine the appropriateness of going concern assumption in the preparation of financial statements are discussed in Note 19.

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Notes to the Financial Statements

4 Revenue from services

	Company	
	2017	2016
	$	$
Revenue from services		
Drawdown fees	120,500	32,000
Margin income	87,335	7,113
Other	6,424	534
Total	214,259	39,647

5 Expenditure

	Company	
The following expenditures are included in the Company's financial statements:	2017	2016
	$	$
Audit fees	28,750	25,000
Accountancy fees	21,787	60,391
Legal fees	36,133	144,712
Wages and salaries	268,382	485,912
Capitalised wages and salaries	(55,307)	(130,754)
Other staff expenses	7,041	6,703
Rent	-	15,459
Other occupancy expenses	386	28,282
Management fees	60,050	-

The current year financial statements include management fees charged from related party Squirrel Mortgages Limited, largely relating to software development expenditure which was subsequently capitalised. In prior years this type of expenditure was included in wages and salaries.

6 Finance Income/(expenses)

	Company	
	2017	2016
	$	$
Financing income		
Interest income	4,710	2,357
Discount unwind	16,797	-
	21,507	2,357
Finance expenses		
Interest expense	(33)	(10)
Bank charges	(2,937)	(666)
Other Interest	(107,978)	-
	(110,948)	(676)
Net finance income/(expense)	(89,441)	1,681

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Notes to the Financial Statements

7 Income tax benefit

(a) Income tax recognised in statement of comprehensive income

The relationship between the expected tax benefit based on the domestic effective tax rate of the Company at 28% and reported in the statement of comprehensive income can be reconciled as follows:

	Company	
	2017	2016
	$	$
Loss for the year per statement of comprehensive income	(751,194)	(856,214)
Domestic tax rate for the Company	28%	28%
Tax expense	(210,334)	(239,740)
Subvention receipt	-	79,789
Non-assessable/non-deductible items	25,530	60,857
Income tax benefit	(184,804)	(99,094)
Represented by:		
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	38,854	(4,474)
Current tax benefit		
Impact of deferred tax on tax losses	(223,658)	(94,620)
Income tax benefit	(184,804)	(99,094)

(b) Income tax receivable recognised in statement of financial position

	Company	
	2017	2016
	$	$
Opening balance	878	-
Resident withholding tax	1,554	878
Total income tax receivable	2,432	878

(c) Recognised deferred tax assets and liabilities

	Company	
	2017	2016
	$	$
Deferred tax assets and liabilities are attributable to the following:		
Trade creditors and other payables	-	11,200
Intangible assets	(34,379)	(6,725)
Income tax losses	318,401	94,743
Net deferred tax asset	284,022	99,218

(d) Deferred tax balances

	Company	
	2017	2016
	$	$
Opening balance	99,218	124
Plus movements during the year	184,804	99,094
Closing deferred tax asset	284,022	99,218

Notes to the Financial Statements

8 Cash and cash equivalents

	Company	
	2017	2016
	$	$
Cash at bank and on hand	33,870	4,461
Total	33,870	4,461

9 Other assets

	Company	
	2017	2016
	$	$
Prepayments	-	15,744
Total	-	15,744

10 Intangible assets

	Company	
2017	Peer to peer IT platform	Total
Opening book value	328,886	328,886
Plus additions	195,814	195,814
Less amortisation charge	(103,026)	(103,026)
Closing book value	421,674	421,674

	Company	
2016	Peer to peer IT platform	Total
Opening book value	154,268	154,268
Plus additions	222,661	222,661
Less amortisation charge	(48,043)	(48,043)
Closing book value	328,886	328,886

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Notes to the Financial Statements

11 Property, plant and equipment

	Company	
2017	Office and computer equipment	Total
Opening book value	1,411	1,411
Plus additions	-	-
Less depreciation	(706)	(706)
Closing book value	705	705

	Company	
2016	Office and computer equipment	Total
Opening book value	-	-
Plus additions	1,992	1,992
Less depreciation	(581)	(581)
Closing book value	1,411	1,411

12 Trade creditors and other payables

	Company	
	2017	2016
	$	$
Trade creditors	-	84,176
Accruals	-	34,104
Other creditors	-	172
Total	-	118,452

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms, therefore their carrying amount approximates their fair value.

The Company utilises Squirrel Mortgages Limited as its purchasing and paying Agent for goods and services consumed in the normal course of business. This includes costs such as: employee payroll, third party operating costs, a fair share of common expenses incurred on behalf of the Company by Squirrel Mortgages Limited and any other general goods and services requested on an ad hoc basis.

All third party costs, disbursements and expenses incurred by Squirrel Mortgages Limited in its capacity as purchasing or paying Agent of the Company are applied to the revolving loan facility in place between the parties as described in note 18(c).

13 Share capital

	Company			
	Quantity of shares		Carrying value of shares	
	2017	2016	2017	2016
Ordinary shares	Qty	Qty	$	$
At the beginning of the reporting period:				
Class A	100,000	100,000	-	-
Closing balance	100,000	100,000	-	-

The company has authorised share capital amounting to 100,000 ordinary shares with no par value.

14 Dividends

There have been no dividends declared during the period (2016: $Nil).

Notes to the Financial Statements

15 Subsequent events

There were no significant events subsequent to balance date.

16 Capital commitments and contingent liabilities

Capital commitments
There are no capital commitments at balance date (2016: $Nil).

Contingent liabilities
There are no contingent liabilities at balance date (2016: $Nil).

17 Financial instruments

(a) Carrying value of financial instruments
The carrying amount of all material financial position assets and liabilities are considered to be equivalent to fair value.

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

(b) Classification of financial instruments
All financial assets held by the Company are classified as 'loans and receivables' and are carried at cost less accumulated impairment losses.

All financial liabilities held by the Company are carried at amortised cost using the effective interest rate method.

All financial assets or liabilities held are measured at fair value at each reporting date.

(c) Financial instruments by category

	Company	
	2017	2016
	$	$
Financial assets		
Loans and receivables - current		
Cash and cash equivalents	33,870	4,461
Other assets	-	15,744
Related party receivables	84,137	312,904
Total loans and receivables - current	118,007	333,109
Loans and receivables - non-current		
Related party receivables	108,818	100,000
Total loans and receivables	226,825	433,109
Financial liabilities		
Loans and payables - current		
Trade creditors and other payables	-	118,452
Loans and payables - non-current		
Related party payables - non-current	2,188,176	1,431,177
Total loans and payables	2,188,176	1,549,629

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Notes to the Financial Statements

18 Related party transactions

Parent and ultimate controlling party
During the 2016 financial year all of the Company's shares were acquired by Squirrel Group Limited from Squirrel Mortgages Limited. The ultimate controlling party remains The Bolton Family Trust.

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Company.

The Company has a related party relationship with its shareholders, directors, other key management personnel and subsidiaries of Squirrel Group Limited. The related party balances are unsecured, and there is no interest payable. There were no directors loans on the balance sheet as at 31 March 2017 (2016: $Nil).

The Company is charged a management fee from Squirrel Mortgages Limited for IT development services. The Company also provides funds to the Squirrel P2P Investor Account that are used to fund loans until external investors are available.

(a) Transactions with related parties:

	Company	
	2017	2016
	$	$
Bolton Family Trust		
Novation of debt to Squirrel Mortgages Limited	20,000	-
Total related party transactions - Bolton Family Trust	20,000	-
Squirrel Mortgages Limited		
Net expenses paid on behalf	(963,238)	(934,872)
Cash transfers	(14,000)	(110,000)
Subvention receipt	-	284,961
Management fees charged	(60,050)	-
Other	(4,671)	-
Novation of debt - Bolton Family Trust	(20,000)	-
Total related party transactions - Squirrel Mortgages Limited	(1,061,960)	(759,911)
Squirrel P2P Investor Account		
Cash transfers	55,000	27,210
Net interest earned	1,142	786
Total related party transactions - Squirrel P2P Investor Account	56,142	27,995
Squirrel P2P Trustee Limited		
Net expenses paid on behalf	52	(52)
Net interest expense	(91,182)	-
Cash transfers	100,000	100,000
Total related party transactions - Squirrel P2P Trustee Limited	8,870	99,948

(b) Closing balances at period end:

	Company	
	2017	2016
	$	$
Related party receivables - current		
Squirrel Mortgages Limited	-	284,961
Squirrel P2P Investor Account	84,137	27,995
Squirrel P2P Trustee Limited	-	(52)
Total related party receivables - current	84,137	312,904
Related party receivables - non-current		
Squirrel P2P Trustee Limited	108,818	100,000
Total related party receivables	192,955	412,904
Related party payables - non-current		
Bolton Family Trust	-	(20,000)
Squirrel Mortgages Limited	(2,188,176)	(1,411,177)
Total related party payables - non-current	(2,188,176)	(1,431,177)
Total related party payables	(2,188,176)	(1,431,177)

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Notes to the Financial Statements

18 Related party transactions *(continued)*

(c) Revolving loan facility

The Company has access to a revolving loan facility, provided by Squirrel Mortgages Limited, where the obligation of the Company to repay the loan facility is subordinate to all other claims, demands, rights and causes of action of all unsubordinated creditors of the Company. The loan facility is not repayable within 12 months of the balance date.

(d) Squirrel P2P Investor Account

The Company has invested funds in the Peer to Peer lending platform. The Secondary Market enables the Company to use the Platform in the capacity of an Investor in order to ensure that loans are funded as early as possible and to otherwise aid liquidity in the Platform.

(e) Key management personnel compensation

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	Company	
	2017	2016
	$	$
John Bolton & Colin Gardyne	-	154,231
Total	-	154,231

In addition to the related party transactions disclosed above, the Company receives support services in relation to general management, finance, technology and marketing from Squirrel Mortgages Limited that are not recharged to the Company.

19 Going concern

As at 31 March 2017 the Company had a cash and cash equivalents balance of $33,870 (2016: $4,461), current liabilities of $0 (2016: $118,452) and a negative equity position of $1,252,517 (2016: negative equity of $686,127).

The directors have reviewed the working capital requirements, established a budget and forecast for 12 months following the signing of the audit opinion and have a reasonable expectation that there will be sufficient funds generated from revenues and continued support from Squirrel Group Limited that will enable the Company to continue to operate at its projected level of activity.

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Independent auditor's report

To the shareholder of Squirrel Money Limited

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of Squirrel Money Limited (the "Company") on pages 5 to 20:

i. present fairly in all material respects the Company's financial position as at 31 March 2017 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2017;
- the statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the 'auditor's responsibilities for the audit of the financial statements' section of our report.

Our firm has also provided other services to the Company in relation to regulatory reporting of the Company's net tangible assets. Subject to certain restrictions, partners and employees of our firm may also deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company. These matters have not impaired our independence as auditor of the Company. The firm has no other relationship with, or interest in, the Company.

Use of this independent auditor's report

This report is made solely to the shareholder as a body. Our audit work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the Independent Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholder as a body for our audit work, this report, or any of the opinions we have formed.

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Responsibilities of the Directors for the financial statements

The Directors, on behalf of the Company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime);
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objective is:

- 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 an independent auditor's report 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 NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 these financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx

This description forms part of our independent auditor's report.

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Auckland

24 July 2017