

**LENDING CROWD LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**LENDING CROWD LIMITED**

**COMPANY DIRECTORY  
AS AT 31 MARCH 2016**

|                           |   |       |
|---------------------------|---|-------|
| <b>Nature of Business</b> | Licensed Peer-to-Peer Lending Services  |       |
| <b>Registered Office</b>  | Level 1, Finance Direct House,<br>88 Broadway, Newmarket, Auckland 1023<br>Tel: 0800 399 666  |       |
| <b>Company Number</b>     | 4668542   |       |
| <b>Incorporated</b>       | 24 September 2013   |       |
| <b>Directors</b>          | Josh De Jong (Chairman) (Appointed 16 December 2015)<br>Wayne Croad (Managing Director)<br>Richard Lott - (Appointed 16 December 2015)<br>Kirstin Poole - (Appointed 16 December 2015)<br>Robert Durrant - (Appointed 16 December 2015) |       |
| <b>Shares Issued</b>      | 1,000 Ordinary Shares   |       |
| <b>Shareholders</b>       | Finance Direct Limited  | 760   |
|                           | Oogaware Limited  | 240   |
|                           |   | ----- |
|                           | Total Ordinary Shares   | 1,000 |
|                           |   | ===== |
| <b>Bankers</b>            | ASB Bank Limited  |       |
| <b>Auditor</b>            | Grant Thornton New Zealand Audit Partnership<br>Grant Thornton House,<br>152 Fanshawe Street, Auckland 1140   |       |

**LENDING CROWD LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2016**

The Directors present the financial statements of the Company for the year ended 31 March 2016 and the independent auditor's report thereon. The Company was dormant and did not trade between its date of incorporation (24 September 2013) and 16 December 2015 when it issued 1,000 shares to new shareholders.

The shareholders of the Company have exercised their rights under Section 211(3) of the Companies Act 1993 and unanimously agreed that this report need not comply with any of the Sections (a) and (f) to (j) of Section 211(1) of the Act.

**Directors' Interests**

The Directors have disclosed the following information in accordance with Section 211(1)(e) of the Companies Act 1993:

**Interested Transactions**

The parent company paid expenses of \$21,000 to set up Lending Crowd Limited. These expenses are recorded in the financial statements of the parent company (Finance Direct Limited) for the year ended 31 March 2016.

Management fees of \$20,576 were paid to the parent company as reimbursement of personnel cost.

The parent company paid Oogaware Limited \$39,974 during the four months to 31 March 2016 for web development services to set up the platform for Lending Crowd Limited. Oogaware Limited is also a 24% shareholder of Lending Crowd Limited. Robert Durrant, the director of Oogaware Limited is also a director of Lending Crowd Limited.

At 31 March 2016, an amount of \$26,747 is receivable from Lending Crowd Trustee Limited. Lending Crowd Trustee Limited was set up to hold funds on behalf of the investors while the investors decide on their investment portfolio. The Company receives platform fees and flex income for providing the services. Amount outstanding represents monies to be transferred from Lending Crowd Trustee Limited to the Company for services provided.

An amount of \$1,012 is outstanding from its parent company, Finance Direct Limited. No amounts owed by the related parties were written off or forgiven during the year ended 31 March 2016.

There were no other transactions during the year ended 31 March 2016 with interested or related parties.

**Directors' Remuneration**

There was no remuneration made to the directors during the reporting period.

**LENDING CROWD LIMITED**  
**ANNUAL REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**Share Transactions**

On 16 December 2015, 1,000 Ordinary Shares were issued and paid for. There were no other share transactions during the year ended 31 March 2016.

**Directors' Loans**

There were no loans made by the Company to Directors during the year ended 31 March 2016.

The Board did not receive any notices from Directors requesting to use Company information received in their capacity as Directors which would not otherwise have been available to them.

For and on behalf of the Board of Directors who approved these financial statements for issue on:

30<sup>th</sup> JUNE 2016.

  
.....  
Josh De Jong  
Chairman

  
.....  
Wayne Croad  
Managing Director

# Independent Auditor's Report

## Audit

**Grant Thornton New Zealand Audit Partnership**  
L3, 2 Hazeldean Road  
Addington  
PO Box 2099  
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## To the Shareholders of Lending Crowd Limited

### Report on the financial statements

We have audited the accompanying financial statements on pages 7 to 21 of Lending Crowd Limited which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in Lending Crowd Limited.

#### Opinion

In our opinion, the accompanying financial statements on pages 7 to 21 present fairly, in all material respects, the financial position of Lending Crowd Limited as at 31 March 2016 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

#### Other Matter

The financial statements of Lending Crowd Limited for the year ended 31 March 2015 were not audited.

#### **Restriction on use of our report**

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders, as a body those matters which we are required to state to them in an 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 Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinion we have formed.



**Grant Thornton New Zealand Audit Partnership**  
**Christchurch, New Zealand**  
**30 June 2016**

**LENDING CROWD LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2016**

|  |      | 31-Mar<br>2016<br>\$ | 31-Mar<br>2015<br>\$ |
|--|------|----------------------|----------------------|
|  | Note |                      |                      |
| Interest income  |      | 42                   | -                    |
| Interest expense   |      | (3)                  | -                    |
| <b>Net interest income</b>                                   |      | <u>39</u>            | <u>-</u>             |
| Fee and commission income                                    | 3    | 18,601               | -                    |
| Fee and commission expense                                   | 3    | (3,128)              | -                    |
| <b>Net fee and commission income</b>                         | 3    | <u>15,473</u>        | <u>-</u>             |
| <b>Total operating income</b>                                |      | 15,512               | -                    |
| Operating expenses   | 4    | (39,748)             | -                    |
| <b>Net profit / (loss) before income tax</b>                 |      | (24,236)             | -                    |
| Income tax expense   | 6    | (6,786)              | -                    |
| <b>Profit / (loss) for the period</b>                        |      | <u>(17,450)</u>      | <u>-</u>             |
| <b>Other comprehensive income for the year, net of tax</b>   |      | -                    | -                    |
| <b>Total comprehensive income for the period, net of tax</b> |      | <u>(17,450)</u>      | <u>-</u>             |

*The accompanying notes form part of and are to be read in conjunction with the Financial Statements*

**LENDING CROWD LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

|   | Share<br>Capital<br>\$ | Retained<br>Earnings<br>\$ | Total<br>Equity<br>\$ |
|---|------------------------|----------------------------|-----------------------|
| <b>Balance as at 1 April 2015</b>         | -                      | -                          | -                     |
| Issue of Ordinary Shares                  | 30,000                 | -                          | 30,000                |
| Transactions with Owners                  | 30,000                 | -                          | 30,000                |
| Net loss after income tax                 | -                      | (17,450)                   | (17,450)              |
| Other comprehensive income                | -                      | -                          | -                     |
| Total comprehensive income for the period | -                      | (17,450)                   | (17,450)              |
| <b>Balance as at 31 March 2016</b>        | <b>30,000</b>          | <b>(17,450)</b>            | <b>12,550</b>         |
| <br>                                      |                        |                            |                       |
| <b>Balance as at 1 April 2014</b>         | -                      | -                          | -                     |
| Transactions during the period            | -                      | -                          | -                     |
| <b>Balance as at 31 March 2015</b>        | -                      | -                          | -                     |

*The accompanying notes form part of and are to be read in conjunction with the Financial Statements*



**LENDING CROWD LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**

|                             |             | 31-Mar<br>2016 | 31-Mar<br>2015 |
|-----------------------------|-------------|----------------|----------------|
|                             |             | \$             | \$             |
| <b>Assets</b>               | <b>Note</b> |                |                |
| Trade and other receivables | 8           | 26,747         | -              |
| Income tax receivable       |             | 14             | -              |
| Deferred tax asset          | 9           | 6,786          | -              |
| Other assets                | 12          | 1,012          | -              |
| <b>Total assets</b>         |             | <u>34,559</u>  | <u>-</u>       |
| <br>                        |             |                |                |
| <b>Liabilities</b>          |             |                |                |
| Trade and other payables    | 10          | 21,836         | -              |
| Bank overdraft              | 7           | 173            | -              |
| <b>Total liabilities</b>    |             | <u>22,009</u>  | <u>-</u>       |
| <b>Net assets</b>           |             | <u>12,550</u>  | <u>-</u>       |
| <br>                        |             |                |                |
| <b>Equity</b>               |             |                |                |
| Share capital               | 11          | 30,000         | -              |
| Retained earnings           |             | (17,450)       | -              |
| <b>Total equity</b>         |             | <u>12,550</u>  | <u>-</u>       |

For and on behalf of the Board of Directors who approved these financial statements for issue  
on ~~2016~~ **JUNE** 2016.



.....  
Josh De Jong  
Chairman



.....  
Wayne Croad  
Managing Director

*The accompanying notes form part of and are to be read in conjunction with the Financial Statements*

**LENDING CROWD LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

|   |      | 31-Mar<br>2016 | 31-Mar<br>2015 |
|---|------|----------------|----------------|
|   |      | \$             | \$             |
|   | Note |                |                |
| <b>Cash Flows from Operating Activities</b>     |      |                |                |
| Interest paid                                   |      | (3)            | -              |
| Payments to suppliers and employees             |      | (30,170)       | -              |
| <b>Net Cash Flow from Operating Activities</b>  |      | (30,173)       | -              |
| <br><b>Cash Flows from Financing Activities</b> |      |                |                |
| Proceeds from issue of shares of the Company    |      | 30,000         | -              |
| <b>Net Cash Flows from Financing Activities</b> |      | 30,000         | -              |
| <br><b>Net (decrease) in cash held</b>          |      | (173)          | -              |
| <br><b>Cash balance at start of the period</b>  |      | -              | -              |
| <br><b>Cash balance at end of the period</b>    |      | (173)          | -              |
| <br><b>Made up as follows:</b>                  |      |                |                |
| Cash and cash equivalents                       | 7    | (173)          | -              |

*The accompanying notes form part of and are to be read in conjunction with the Financial Statements*

**LENDING CROWD LIMITED**  
**RECONCILIATION OF NET PROFIT/(LOSS)**  
**WITH CASH FLOWS FROM OPERATING ACTIVITIES**  
**FOR THE YEAR ENDED 31 MARCH 2016**

|  | Note | 31-Mar<br>2016<br>\$ | 31-Mar<br>2015<br>\$ |
|--|------|----------------------|----------------------|
| <b>Profit / (loss) for the Period</b>              |      | (17,450)             | -                    |
| <b>Add/(Deduct):</b>                               |      |                      |                      |
| Decrease/(increase) in trade and other receivables |      | (26,747)             | -                    |
| Decrease/(increase) in income tax receivable       |      | (14)                 | -                    |
| Decrease/(increase) in income other assets         |      | (1,012)              | -                    |
| (Decrease)/increase in trade and other payables    |      | 21,836               | -                    |
| Decrease/(increase) in deferred tax asset          |      | (6,786)              | -                    |
|  |      | -                    | -                    |
| <b>Net Cash Flow from Operating Activities</b>     |      | <u>(30,173)</u>      | <u>-</u>             |

*The accompanying notes form part of and are to be read in conjunction with the Financial Statements*

## LENDING CROWD LIMITED

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 1 SIGNIFICANT ACCOUNTING POLICIES

##### (a) General Information

The reporting entity is Lending Crowd Limited ("the Company"). The Company is profit oriented and incorporated and domiciled in New Zealand. The Company is a licensed peer-to-peer lending provider and is a registered FMC Reporting Entity under the Financial Markets Conduct Act 2013. The Company was dormant and did not trade until 16 December 2015 when 1,000 shares were issued.

Finance Direct Limited is the Company's parent company because it owns 76% of the Company's ordinary issued shares.

##### (b) Basis of Preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

The Statement of Comprehensive Income discloses the net interest income, net fee and commission income and other income between 16 December 2015 and 31 March 2016 in line with the Statement of Comprehensive Income presentation used by other Financial Institutions.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability of market participants would take those characteristics not account when pricing the asset of liability at the measurement date.

The Statement of Financial Position discloses assets and liabilities in order of their liquidity in line with the Statement of Financial Position presentation used by other Financial Institutions. Where it is not evident from the financial statement line item, disclosure of the current/non-current split has been made in the relevant note.

Lending Crowd Trustees Limited (LCTL) is not consolidated as the definition of control under IFRS10 has not been met. Consequently, \$141,153 of funds held in a fiduciary capacity are not included in these accounts.

These financial statements are presented in New Zealand dollars (\$), which is the functional currency of the Company. All financial information presented in New Zealand dollars has been rounded to the nearest dollar (\$).

##### (c) Statement of Compliance

The Company has adopted the External Reporting Board's "Accounting Standards Framework" (For-profit Entities Update) (XRB A1). The Company qualifies for NZ IFRS (RDR) as it has a lower level of public accountability according to the Financial Markets Authority and it is not a large for-profit public sector entity. The Company has elected to apply NZ IFRS (RDR) and has applied all available disclosure concessions except for indicating standards that have been issued by the External Reporting Board that are not yet applicable.

The financial statements for the Company have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate for profit-oriented entities. The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and Financial Reporting Act 2013.

LENDING CROWD LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Changes in Accounting Policies and Disclosures

*(i) New and revised standards that are effective for these financial statements*

A number of new and revised standards are effective for annual periods beginning on or after 1 April 2015, but none of them have a direct impact on these financial statements.

*(ii) Standards and interpretations to published standards that are not yet effective and have not been adopted early by the Company*

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective at reporting date, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

**NZ IFRS 9 Financial Instruments (proposed effective date from 1 January 2018)**

NZ IAS39 *Financial Instruments: Recognition and Measurement* will be replaced in its entirety, with NZ IFRS 9. The replacement standard deals with recognition, classification, measurement and de-recognition of financial assets and financial liabilities, the impairment of financial assets taking into account expected credit losses and hedge accounting.

The Company's management has considered NZIFRS 9 and intends to adopt the standard on its effective date. The full impact of NZ IFRS 9 is yet to be assessed.

**NZ IFRS 15 Revenue from Contracts with Customers (proposed effective date from 1 January 2018)**

NZ IFRS 15 replaces NZ IAS18 *Revenue*. This standard addresses recognition of revenue from contracts with customers and is applicable to all entities with revenue. It sets out a five-step model for revenue recognition to represent the transfer of promised goods or services to customers in an amount that reflects the consideration, to which the entity expects to be entitled in exchange for those goods or services. The Company intends to adopt NZ IFRS 15 on its effective date and this standard is not expected to have a significant impact.

*(iii) Accounting Policies*

The accounting policies below have been consistently applied in the preparation of the 31 March 2016 financial statements.

(e) Revenue

**Recognition of income**

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:

**Interest income and similar expense**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. The Company recognises interest revenue on an accruals basis using the effective interest rate method.

## LENDING CROWD LIMITED

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (e) Revenue (continued)

###### **Fee and commission income**

The Company earns fee income as a provider of peer-to-peer lending. Fee income can be divided into the following categories:

###### *Establishment fees*

Fees and direct costs relating to loan origination are recognised in profit or loss in the Statement of Comprehensive Income when the service is provided to the customer.

###### *Brokerage Income*

When commissions or fees relate to specific transactions or events, they are recognised in profit or loss in the Statement of Comprehensive Income when the service is provided to the customer. When they are charged for services provided over a period, they are recognised in profit or loss in the Statement of Comprehensive Income on an accruals basis as the service is provided.

###### *Payment protection insurance*

The Company acts as an agent for payment protection insurance. Given the agency relationship, income is presented on a net basis rather than on a gross basis. The Company recognises the estimated liability on payment protection insurance refunds for the unexpired portion of the insurance cover at each reporting date. The amount of the liability is estimated using historical refund data.

##### (f) Financial Instruments

Financial instruments are classified in one of the following categories at initial recognition: Financial Assets at Fair Value through Profit or Loss, Held to Maturity Investments, Loans and Receivables, Available for Sale Financial Assets, Financial Liabilities at Fair Value through Profit or Loss and Financial Liabilities measured at amortised cost. Furthermore, financial instruments are split between derivative and non-derivative financial instruments.

Financial instruments are transacted on a commercial basis to derive an interest yield/cost with terms and conditions having due regard to the nature of the transaction and the risks involved.

At each reporting date the Company did not hold any of the following categories of financial instruments: Available For Sale or Held To Maturity financial assets and none of its financial liabilities were accounted for at Fair Value through Profit or Loss.

###### **Loans and Receivables**

These assets are recorded upon initial recognition at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment. This category of Financial Assets includes:

###### *Cash and cash equivalents*

These include cash at bank on call and short term deposits. Refer 1(i).

###### *Trade and other receivables*

These include accounts receivable, accrued interest on loans and advances to customers and other sundry debtors, less impairment.

LENDING CROWD LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial Instruments (continued)

**Financial Liabilities measured at Amortised Cost**

This category includes all financial liabilities other than those at Fair Value through Profit or Loss. Liabilities in this category are measured at amortised cost using the effective interest rate method and include:

*Other liabilities*

These are recorded at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments. These amounts are unsecured.

(g) Share Capital

Ordinary shares are classified as equity.

Incremental costs, if any, directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of tax, from the proceeds.

(h) Impairment

**Impairment of Non-Financial Assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss in the Statement of Comprehensive Income.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Expense Recognition

All expenses are recognised in profit or loss in the Statement of Comprehensive Income on an accruals basis.

## LENDING CROWD LIMITED

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (j) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss within the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

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

Deferred tax is recognised using the liability method, providing for 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 the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In principle deferred tax liabilities are recognised from taxable temporary timing differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and unused tax losses and tax credits can be utilised. 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.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company has a legally enforceable right to offset current tax assets against current tax liabilities.

##### (k) Cash Flows

The Statement of Cash Flows has been prepared using the direct approach. The following are the definitions used in the Statement of Cash Flows:

Operating activities are the principal revenue-producing activities of the Company and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Company.

The Company manages its ongoing day to day lending, cash flow and funding requirements on a net basis and believes that the disclosure of cash receipts and payments on a net basis for the above items provides users of the financial statements with a better understanding on how the Company has managed its cash flows during each reporting period.

##### (l) Cash and Cash Equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



**LENDING CROWD LIMITED**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**2 CRITICAL ESTIMATES AND JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES**

The Company prepares its financial statements in accordance with NZ IFRS, the application of which often requires judgements to be made by management when formulating the Company's financial position and results. Under NZ IFRS, the Directors are required to adopt those accounting policies most appropriate to the Company's circumstances for the purpose of presenting fairly the Company's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provides an explanation of each below. The definition of control as per NZ IFRS 10 was considered by the Directors and they have concluded that the Company does not control LCTL.

The discussion below should also be read in conjunction with the Company's disclosure of significant NZ IFRS accounting policies, which is provided in Note 1 to the financial statements, "Significant Accounting Policies".

**Recognition of deferred tax assets**

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the Company.

Management believes that sufficient and suitable taxable profits will be made available by the Company in the future and has accordingly accounted for a deferred tax asset of \$6,786.

**Consolidation of Subsidiary**

The Company owns 1,000 shares of a company called Lending Crowd Trustee Limited. However, this is a corporate trustee company and holds cash on behalf of depositors solely in a fiduciary capacity. At 31 March 2016, \$141,153 was held on trust and the Directors hold the view that these amounts should not be consolidated because the Company does not control Lending Crowd Trustee Limited nor these funds.

**3 FEES AND COMMISSION INCOME**

|   | 31-Mar<br>2016 | 31-Mar<br>2015 |
|---|----------------|----------------|
| <b>Fee and commission income</b>        | <b>\$</b>      | <b>\$</b>      |
| Credit related fee income               | 17,500         | -              |
| Brokerage income                        | 985            | -              |
| Payment protection insurance commission | 116            | -              |
| <b>Total fee and commission income</b>  | <b>18,601</b>  | <b>-</b>       |
| <br>                                    |                |                |
| <b>Fee and commission expense</b>       |                |                |
| Brokerage and documentation fees        | 3,128          | -              |
| <b>Total fee and commission expense</b> | <b>3,128</b>   | <b>-</b>       |
| <br>                                    |                |                |
| <b>Net fee and commission income</b>    | <b>15,473</b>  | <b>-</b>       |

LENDING CROWD LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016

4 OPERATING EXPENSES

|  | Note | 31-Mar<br>2016<br>\$ | 31-Mar<br>2015<br>\$ |
|--|------|----------------------|----------------------|
| Profit/(Loss) before income tax includes the following expenses: |      |                      |                      |
| Auditor's remuneration   | 5    | 15,000               | -                    |
| Legal, accounting, trustee and other corporate costs             |      | 4,000                | -                    |
| Management Fees paid to Parent Company                           | 12   | 20,576               | -                    |
| Administrative expenses  |      | 172                  | -                    |
|  |      | 39,748               | -                    |

5 AUDITOR'S REMUNERATION

|  | 31-Mar<br>2016<br>\$ | 31-Mar<br>2015<br>\$ |
|--|----------------------|----------------------|
| Amounts paid/payable to the auditor for: |                      |                      |
| Audit of financial statements            | 15,000               | -                    |
| Total auditor's remuneration             | 15,000               | -                    |

6 INCOME TAX EXPENSE

|   | Note | 31-Mar<br>2016<br>\$ | 31-Mar<br>2015<br>\$ |
|---|------|----------------------|----------------------|
| <b>Income tax</b>   |      |                      |                      |
| Current period  |      | -                    | -                    |
| <b>Deferred tax</b>   |      |                      |                      |
| Origination and reversal of temporary differences                                 | 9    | (1,466)              | -                    |
| Benefit of tax loss   |      | (5,320)              | -                    |
| <b>Income tax expense reported in the Statement of Comprehensive Income</b>       |      | (6,786)              | -                    |
| <b>Numerical reconciliation of income tax expense to prima facie tax payable:</b> |      |                      |                      |
| Profit/(Loss) before income tax expense   |      | (24,236)             | -                    |
| Tax at the New Zealand tax rate of 28%  |      | (6,786)              | -                    |
| Tax amounts which are not taxable or deductible in calculating taxable income:    |      |                      |                      |
| Non-deductible expenses   |      | -                    | -                    |
|   |      | (6,786)              | -                    |

**Imputation Credit Account**

Imputation credits of \$14 are available for use in subsequent reporting periods (2015: Nil).

**LENDING CROWD LIMITED**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**7 CASH AND CASH EQUIVALENTS**

|              | 31-Mar<br>2016 | 31-Mar<br>2015 |
|--------------|----------------|----------------|
|              | \$             | \$             |
| Cash at bank | (173)          | -              |
|              | (173)          | -              |

**8 TRADE AND OTHER RECEIVABLES**

|                   | 31-Mar<br>2016 | 31-Mar<br>2015 |
|-------------------|----------------|----------------|
|                   | \$             | \$             |
| Sundry receivable | 26,747         | -              |
|                   | 26,747         | -              |

**9 DEFERRED TAX ASSET**

|   | 31-Mar<br>2016 | 31-Mar<br>2015 |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>The balance comprises temporary differences attributable to:</b>           |                |                |
| Tax Loss  | 6,786          | -              |
| <b>Net deferred tax asset</b>   | <b>6,786</b>   | <b>-</b>       |
| <b>Movements</b>  |                |                |
| Opening balance   | -              | -              |
| Credited/(charged) to profit or loss in the Statement of Comprehensive Income | 6,786          | -              |
| Closing balance   | <b>6,786</b>   | <b>-</b>       |

**10 TRADE AND OTHER PAYABLES**

|                  | 31-Mar<br>2016 | 31-Mar<br>2015 |
|------------------|----------------|----------------|
|                  | \$             | \$             |
| Accrued expenses | 21,836         | -              |
|                  | 21,836         | -              |

## LENDING CROWD LIMITED

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 11 SHARE CAPITAL

Issued and paid up capital:

|                 | 31-Mar<br>2016<br>No. of<br>Shares | 31-Mar<br>2015<br>No. of<br>Shares | 31-Mar<br>2016<br>\$ | 31-Mar<br>2015<br>\$ |
|-----------------|------------------------------------|------------------------------------|----------------------|----------------------|
| Ordinary Shares | 1,000                              | 1                                  | 30,000               | -                    |

1,000 Ordinary Shares were issued by the Company on 16 December 2015.

All Ordinary Shares are issued and fully paid, have no par value and have an equal right to vote, to dividends and to any surplus on winding up.

#### 12 RELATED PARTY TRANSACTIONS

The parent company paid expenses of \$21,000 to set up Lending Crowd Limited. These expenses are recorded in the book of the parent company.

Management fees of \$20,576 were paid to the parent company as reimbursement of personnel cost.

The parent company paid Oogaware Limited \$39,974 during the four months to 31 March 2016 for web development services to set up the platform for Lending Crowd Limited. Oogaware Limited is also a 24% shareholder of Lending Crowd Limited. Robert Durrant, the director of Oogaware Limited is also a director of Lending Crowd Limited.

At 31 March 2016, an amount of \$26,747 is receivable from Lending Crowd Trustee Limited. Lending Crowd Trustee Limited was set up to hold funds on behalf of the investors while the investors decide on their investment portfolio. The company receives platform fees of \$17,500 and flex income of \$985 for providing the services. Amount outstanding represents monies to be transferred from Lending Crowd Trustee Limited to the Company for services provided.

An amount of \$1,012 is outstanding from its parent company, Finance Direct Limited. No amounts owed by the related parties were written off or forgiven during the year ended 31 March 2016.

There were no other transactions during the year ended 31 March 2016 with interested or related parties.

There were no related party transactions during the year ended 31 March 2015.

#### 13 CAPITAL COMMITMENTS

There were no known capital commitments at 31 March 2016 (2015: Nil).

#### 14 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no known contingent assets or contingent liabilities at 31 March 2016 (2015: Nil).

#### 15 REPORTING PERIOD

The company was incorporated on 24 September 2013 and started trading on 21 December 2015. Prior to 16 December 2015 when shares were issued, the Company was dormant and did not trade.

**LENDING CROWD LIMITED**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**16 GOING CONCERN**

The financial statements have been prepared on a going concern basis. This assumption is dependent on the Company increasing its operating income and generating operating profits going forward, and the continuing financial support of its parent company, Finance Direct Limited. The Directors of Finance Direct Limited confirm their intention to enable the Company to pay its debts as and when they fall due, should this be required, until at least the end of 18 months from the date of signing these financial statements.

**17 SUBSEQUENT EVENTS**

There are no subsequent events requiring disclosure in the financial statements (2015: Nil).