Just Finance
SME Commercial Funding

Directors' Report and Financial Statements

Period Ending 31 December 2016

Jeffreys Henry LLP
Finsgate
5-7 Cranwood Street
London
EC1V 9EE

COMPANY INFORMATION

Directors	Mr George Robert Boot Mr John Davies
Secretary	Mr George Robert Boot
Company number	08226064
Registered office	1 Charterhouse Mews London EC1M 6BB
Auditors	Jeffreys Henry LLP Finsgate, 5-7 Cranwood Street London EC1V 9EE
Bankers	Santander Bank Plc 4th Floor 100 Ludgate Hill London EC4M 7RE
Solicitors	DWF Solicitors Capital House 85 King William Street London EC4N 7BL

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

Principal activities and fair review of the business

Just Finance Loans & Investments Plc ('the company') provides loans to small and medium enterprises that struggle to obtain traditional sources of funding for a variety of reasons, and also seeks to invest in such enterprises if the investments are assessed as worthwhile. The company achieved a revenue of £ 817,675 (2015 - £537,516) and incurred a loss of £438,196 (2015 - £614,337) which was in line with expectations

Principal risks and uncertainties

The principal risk to the business is that the borrowers will default on their interest payments or capital repayments. It is intended that the company will closely monitor the performance of the borrowers but the company will be subject to the risk of fraud by the borrower. The company also faces risks from economic factors, fluctuations in exchange rates and the ability to secure future investments.

Whilst the directors realise that there has been a cash burn in building the process and platforms of the business, they consider that the company has adequate resources for ongoing operating expenses due to the revenues now been generated from the operations. Further discussion on risk and sensitivity analysis is discussed in Note 4.

Key performance indicators

The performance indicators relative to revenue and gross margin follows. There was no significant capital expenditure in the period. There are no non-financial performance indicators being used at present. Salient points are:

	2016	2015
Turnover	£817,675	£537,516
Profit/(loss) for the period	(£438,196)	(£614,337)
Cash and Cash equivalents	£90,231	£584,967

Dependence on key personnel

Whilst the company intends to enter into contractual arrangements with the aim of securing the services of its executive directors, the retention of their services cannot be guaranteed.

Future developments

The focus of the company will be to continue to earn interest from its loans, whilst monitoring their recoverability. The company also aims to obtain additional funding through debentures to expand its current loans and investments.

On behalf of the board

Mr George Robert Boot
Director
27 April 2017

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and financial statements for the year ended 31 December 2016.

Principal activities
The principal activity of the company is that of the provision of loans and equity investments.

Fair review of business
The directors are satisfied with the results for the year.

Principal risks and uncertainties
The principal risk to the business is that the borrowers will default on their interest payments or capital repayment. It is intended that the company will closely monitor the performance of the borrowers but the company will be subject to the risk of fraud by the borrower. The company also faces risks from economic factors, fluctuations in exchange rates and the ability to secure future investments.

The directors consider that the company has adequate resources for ongoing operating expenses due to the expected revenues to be generated from the operations in the next financial year. Further discussion on risk and sensitivity analysis is discussed in Note 4.

Results and dividends
The results for the period are set out on page 8.

Future developments
The company aims to raise funds through an issue of debentures and then continue to provide finance for UK businesses.

Directors
The following directors have held office since 1 January 2016:
Mr George Robert Boot
Mr John Davies

Financial instruments
The company has not entered into any financial instruments to hedge against interest rate or exchange rate risk.

Going concern
The parent company, The Just Loans Group Plc, has undertaken to provide continuing financial support for the foreseeable future and in any event for the next 12 months following the date of approval of the financial statements, so that the company can pay its debts as and when they fall due. Such financial support is also pursuant to the group obtaining additional long-term funding.

The group has secured institutional funding of £62m to date of which £11m has been drawn. Included in the £62m, is a £50m bond raising which has secured a credit rating of A. The company will continue to seek additional long-term financing via sale of debentures and further institutional funding. The Directors believe that the necessary funding will be available to the group to enable them to trade for the foreseeable future.

Post year end the Group has successfully completed a debt for equity swap of £4.48m debt for £3.2m shares.

The financial statements do not include any adjustments that would result if the above support was withdrawn.

Substantial shareholdings
As at 31 December 2016 and the year end the company was a fully owned subsidiary of The Just Loans Group Plc. The ultimate controlling party is disclosed in note 18.

Events after the reporting period
Refer to note 23 to the financial statements for further details.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

Auditors
Jeffreys Henry LLP were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. 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;
- state whether the company financial statements have been prepared in accordance with IFRS as adopted by the European Union subject to any material departures disclosed and explained in the Financial Statements.;
- 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. 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 of disclosure to auditors
Each person who is a director at the date of approval of this Annual Report confirms that:
- So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Mr George Robert Boot
Director

27 April 2017

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

The board has sought to comply with a number of the provisions of the UK Corporate Governance Code ("Code") published by the Financial Reporting Council in so far as it considers them to be appropriate to company of their size and nature. They make no statement of compliance with the Code overall and do not 'explain' in detail any aspect of the Code with which they do not comply.

The Directors have formed an Audit Committee. The Chairman of the committee is John Davies. The other members of the Audit Committee are Robert Boot and John Davies. The Chairman of the Audit Committee has the right to require the attendance of the Finance Director of the company at meetings of the committee. The audit committee operate with the following terms of reference:

Audit Committee

- to monitor the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgements contained in them;
- to review the company's internal financial controls and, unless expressly addressed by a separate board risk committee composed of independent directors, or by the Board itself, to review the company's internal control and risk management systems;
- to monitor and review the effectiveness of the company's internal audit function;
- to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; and
- to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

As and when the company employs staff the Audit Committee is to review arrangements by which such staff may raise concerns about possible improprieties in matters of financial reporting or other matters so that a proportionate and independent investigation of such matters can take place, together with the instigation of appropriate follow up action.

The Audit Committee will also consider annually whether there is any need to put in place an internal audit function which, if put in place, is to be monitored and reviewed by the Audit Committee.

Internal controls

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and group assets. The Directors monitor the operation of internal controls. The objective of the system is to safeguard group assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can only provide reasonable, but not absolute assurance against material misstatement or loss.

Internal financial control procedures undertaken by the Board include:

- Review of biannual financial reports and monitoring performance.
- Prior approval of all significant expenditure/loans including all major investment decisions.
- Review and debate of treasury policy.

The Board has reviewed the operation and effectiveness of the company's system of internal control for the financial period and the period up to the date of approval of the financial statements.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

UK Corporate Governance Code
The Directors have adopted the approach in the principles in the Code. While they acknowledge the principle of a clear division of responsibilities between the running of the Board of Directors and the executive responsibility for the running of the company's business, they consider that the Company's business can best be advanced by the Board of Directors acting as one body in making investment decisions.

The Board considers that the principle in the Code relating to relations with shareholders should also apply to relations with holders of Debentures. Although the holders of Debentures will not attend general meetings of the company the Board believes that communication with holders of Debentures on a regular basis is important.

The Directors have considered the provision in the Code for the appointment of one of the independent Non-Executive Directors to be the senior Independent Director. At the current time the Board is not large enough to accommodate such an appointment. The Directors will however, consider the appointment of a senior Independent Director when appropriate.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF JUST FINANCE LOANS & INVESTMENTS PLC

We have audited the financial statements of Just Finance Loans & Investments Plc for the year ended 31 December 2016 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 an auditors' 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the Directors are responsible for the preparation of the company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of the results for the period then ended;
- have been prepared in accordance with IFRSs as adopted by the European Union Debt
- have been prepared in accordance with the requirements of the Companies Act 2006;

Emphasis of Matter paragraph – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2.1 to the financial statements concerning the company's ability to continue as a going concern. Matters explained in note 2.1 to the financial statements, indicate the existence of material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF JUST FINANCE LOANS & INVESTMENTS PLC (CONTINUED)

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report and Strategic Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Sanjay Parmar
Senior Statutory Auditor

For and on behalf of
Jeffreys Henry LLP (Statutory Auditors)
Finsgate 5-7 Cranwood Street
London
EC1V 9EE

Date: 27 Apr 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Year Ended 31 December 2016 £	18 Months Ended 31 December 2015 £
Continuing operations			
Revenue	5	817,675	537,516
Cost of sales			-
Gross profit		817,675	537,516
Administrative expenses		(9,432)	(579,125)
Operating Profit	6	808,243	(41,609)
Finance costs	7	(1,001,872)	(546,910)
Share of loss from associate	11	(244,567)	(25,818)
Loss on ordinary activities before taxation		(438,196)	(614,337)
Income tax expense	8	-	-
Loss for the period		(438,196)	(614,337)
Loss per share (expressed in pence per share)	10	(876.39p)	(1,228.67p)

The notes on pages 12 to 24 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	As at 31 December 2016 £	As at 31 December 2015 £
Assets			
Non-current assets			
Investments	11	1	37,007
Trade and other receivables	12	8,874,303	4,953,009
		8,874,304	4,990,016
Current assets			
Trade and other receivables	12	32,052	-
Cash	13	90,231	584,967
Total assets		8,996,587	5,574,983
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares	14	50,000	50,000
Accumulated losses	17	(1,052,533)	(614,337)
Total equity		(1,002,533)	(564,337)
Liabilities			
Non-current liabilities			
Borrowings	15	-	4,401,146
Trade and other payables	16	2,336,083	-
		2,336,083	4,401,146
Current Liabilities			
Trade and other payable	16	1,285,710	1,738,174
Borrowings	15	6,377,327	-
Total liabilities		9,999,120	6,139,320
Total equity and liabilities		8,996,587	5,574,983

The notes on pages 12 to 24 form part of these financial statements.

Approved by the Board and authorised for issue 27 April 2017

Mr George Robert Boot
Director

Company Registration No. 08226064

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Accumulated losses £	Total equity £
As at 30 June 2014		50,000	-	50,000
Issue of share capital		-	-	-
Result for the period		-	(614,337)	(614,337)
As at 31 December 2015		**50,000**	**(614,337)**	**(564,337)**
Loss for the year		-	(438,196)	(438,196)
As at 31 December 2016		**50,000**	**(1,052,533)**	**(1,002,533)**

Share capital is the amount subscribed for shares at nominal value.

Retained losses represent the cumulative loss of the company attributable to equity shareholders.

The notes on pages 12 to 24 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Year ended 31 December 2016 £	Period ended 31 December 2015 £
Cash flows from operating activities			
Cash generated from operations	**21**	(1,514,852)	(3,381,398)
Finance income received		-	-
Finance costs paid		(507,784)	(841,813)
Net cash generated from operating activities		(2,022,636)	(4,223,211)
Cash flows from investing activities			
Investment in subsidiary		-	(1)
Net cash generated from investing activities		-	(1)
Cash flows from financing activities			
Proceeds from issue of debentures		1,527,900	4,808,179
Net cash generated from financing activities		1,527,900	4,808,179
Net increase in cash and cash equivalents		(494,736)	584,967
Cash and cash equivalents at the beginning of the period		584,967	-
Cash and cash equivalents at end of period		90,231	584,967

The notes on pages 12 to 24 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1 General information

Just Finance Loans & Investments Plc is a company incorporated in the United Kingdom. The address of the registered office is disclosed on the company information page at the front of the annual report. The principal activities of the company are described in the directors' report.

The company is a public listed company with debentures on the Cyprus Stock Exchange.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. IFRS comprises of standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU).

Preparation of financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Going concern

The parent company, The Just Loans Group Plc, has undertaken to provide continuing financial support for the foreseeable future and in any event for the next 12 months following the date of approval of the financial statements, so that the Company can pay its debts as and when they fall due. Such financial support is also pursuant to the group obtaining additional long-term funding. The Directors believe that the necessary funding will be available to the group to enable them to trade for the foreseeable future.

The financial statements do not include any adjustments that would result if the above support was withdrawn.

Emphasis of Matter paragraph

The company made a loss of £438,196 (2015 - £614,337) and at the balance sheet date of 31 December 2016 the company had net current liabilities of £7,540,754 (2015 - £1,153,207). These conditions indicate the existence of material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern. The short-term nature of the debentures has dramatically increased the net current liabilities of the company generating doubt that the company can continue as a going concern.

New and amended standards adopted by the company

There are no IFRSs or IFRIC interpretations that are effective for the first time in this financial period that would be expected to have a material impact on the company.

2.1 Basis of preparation (continued)

New Standards, amendments and interpretations issued but not effective

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 January 2016 and have not been early adopted:

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
Amendments to IFRS1	First-time Adoption of International Financial Reporting Standards	Amendments resulting from Annual Improvements 2014-2016 Cycle (removing short-term exemptions:	1 January 2018
Amendments to IFRS 2	Share-based Payment	Amendments to clarify the classification and measurement of share based payment transactions	1 January 2018
Amendments to IFRS 4	Insurance Contracts	Amendments regarding the interaction of IFRS 4 and IFRS 9	1 January 2018
IFRS 9	Financial instruments	Requirements on the classification and measurement of financial assets and liabilities and includes an expected credit losses model which replaces the current incurred loss impairment model. Also includes the hedging amendment that was issued in 2013	1 January 2018
Amendments to IFRS 12	Disclosure of interests in other entities	Amendments resulting from Annual Improvements 2014-2016 (Clarifying scope)	1 January 2017
IFRS 15	Revenue from contracts with customers	Specifies how and when to recognise revenue from contracts as well as requiring more information and relevant disclosures.	1 January 2017
IFRS 16	Leases	Original Issue	1 January 2019
Amendments to IAS 7	Statement of Cash Flows	Amendments as result of the disclosure initiative	1 January 2017
Amendments to IAS 12	Income Taxes	Amendments regarding the recognition of deferred tax assets for unrealized losses	1 January 2017
Amendments to IAS 28	Investments in Associates and Joint Ventures	Amendments resulting from Annual improvements 2014-2016 cycle (Clarifying certain fair value measurements	1 January 2018
Amendments to IAS 39	Financial Instruments: recognition and measurement	Amendments to permit entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied and to extend the fair value option to certain contracts that meet the 'own use' scope exception	1 January 2018
Amendments to IAS 40	Investment Property	Amendments to clarify transfers or property to, or from investment property	1 January 2018

The Directors anticipate that the adoption of these standards and the interpretations in future periods will have no material impact on the financial statements of the company. However the adoption of IFRS 9 may have a material impact as it moves from the incurred loss approach to the expected loss model. The company is still to assess the impact of this and will adopt the IFRS 9 from 1st January 2018.

2 Summary of significant accounting policies (Continued)

The Group has now accessed the approach to IFRS 9, which will be the loss stage approach. This approach will pool like debts and apply a loss rate.

It will assess the various risks of the differing clients. This will emphasise the fair value accounting for the financial assets as per the standard

2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the steering committee that makes strategic decisions.

2.3 Financial assets and liabilities

The company classifies it financial assets at fair value through profit and loss or as loans and receivables and classifies its financial liabilities as other financial liabilities. Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measured initially at fair value. At inception transaction cost that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss, is added to the fair value of the financial asset and deducted from the fair value of the financial liability.

(a) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans are recognised when the funds are advanced to customers. Loans and receivables are carried at amortised cost using the effective interest method (see below).

(b) Other financial liabilities
Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments. Other financial liabilities are recognised when cash is received from the depositors. Other financial liabilities are carried at amortised cost using the effective interest method. The fair value of other liabilities repayable on demand is assumed to be the amount payable on demand at the Statement of Financial Position date.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the company has transferred substantially all of the risks and rewards of ownership. In transaction in which the company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. There have not been any instances where assets have only been partly derecognised. The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

2 Summary of significant accounting policies (Continued)

2.3 Financial assets and liabilities (Continued)

Amortised cost measurement
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and maturity amount, minus any reduction for impairment.

2.3 Financial assets and liabilities (Continued)

Fair value measurement
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of assets and liabilities in active markets are based on current bid and offer prices respectively. If the market is not active the company establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net present value and discounted cash flow analysis.

Impairment
The company assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective experience (such as significant financial difficulty of obligor, breach of contract, or it becomes probable that debtor will enter bankruptcy) the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition).The carrying amount of the asset is reduced through use of an allowance account. The amount of loss is recognised in the Statement of Comprehensive Income

2.4 Revenue

Revenue comprises of interest income and arrangement and commission fees on financial assets. Interest income is recognised using the effective interest method. Arrangement and commission fees are generally recognised on the accruals basis when the service has been provided.

The effective interest method calculates the amortised cost of a financial asset and allocated the interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the company takes into account all contractual terms of the financial instrument but does not consider future credit losses.

2.5 Investments

Investments in subsidiaries are held at cost less any impairment.

Investments in associates are initially recognised in the statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the company's share of post-acquisition profits and losses and other comprehensive income is recognised in the statement of profit and loss and other comprehensive income.

2 Summary of significant accounting policies (Continued)

2.6 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.7 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.8 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

2.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates. The borrowings consist of interest bearing debentures which are quoted.

2.10 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.11 Income tax expense

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

2 Summary of significant accounting policies (Continued)

2.11 Income tax expense (Continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.12 Basis of consolidation

The company has decided not to provide consolidated as Paragraph 4 of IFRS 10 provides relief whereby a parent need not present consolidated financial statements if it meets particular conditions, including the requirement that "its ultimate or any intermediate parent produces consolidated financial statements that are available for public use and comply with IFRSs."

3 Critical accounting estimates and judgments

The company makes certain judgements and estimates which affect the reported amount of assets and liabilities. Critical judgements and the assumptions used in calculating estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Impairment of loans and advances to customers and other receivables

The company reviews its portfolio of receivables to assess impairment at least on a half-yearly basis. The basis for evaluating impairment losses is determining whether a loss event has occurred, the criteria used (but which is not limited to) is:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experience by the borrower; and
- Initiation of liquidation proceedings.

In determining whether an impairment loss should be recognised the company has made judgements as to whether a loss event indicates that there is a measurable decrease in the estimated future cash flows of the respective receivable. No impairment provision has been made against the following other receivables as the Directors believe the companies have a positive future outlook which is not reflected in their results to date:

- £6,075,345 loaned to Pure World Energy Limited
- £2,239,186 loaned to City Oils Limited

Just Finance Loans and Investments PLC has also converted £50,000 debt to preference shares at 12%. It has also partaken of Pure World Energy Limited recent fundraising by converting an additional £200k of debt in to Debentures earning 10%.

4 Financial risk management

4.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

a) Credit risk
The company takes on exposure to credit risk, which is this risk that the counterparty will be unable to pay amounts in full when due. A formal Credit Risk Policy has been agreed by the Board who review credit risk on a monthly basis. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also maintained by obtaining collateral, the loans to customers include a deed of indemnity and personal guarantees and the directors therefore believe there is a low risk of customer default.

The maximum exposure to credit risk for the company was as follows:

	2016 £	2015 £
Trade and other receivables	8,874,303	4,953,009
At 31 December 2016	8,874,303	4,953,009

b) Cash flow and Interest rate risk
The company's borrowing consist of debentures which are at a fixed rate of interest exposing the company to fair value interest rate risk. The company has also borrowed monies from its parent, The Just Loans Group Plc, which bears interest and is due back in the long-term. The company does not manage any cash flow interest rate risk.

c) Liquidity risk
The company is careful to ensure that its loans and investments can be realised prior to the due date for the repayment of the debentures. This applies equally to the underlying investments of the companies or projects in which the company invests.

d) Capital risk
The company takes great care to protect its capital investments. Significant due diligence is undertaken prior to making any investment.

e) Market risk
A general economic downturn at a global level, or in one of the world's leading economies, could impact on the company. In addition, terrorism and other hostilities, as well as disturbances in worldwide financial markets, could have a negative effect on the company. Regulatory requirements, taxes, tariffs and other trade barriers, price or exchange controls or other governmental policies could also limit the company's operations. These risks are also applicable to most companies and the risk that the company will be more affected than the majority of companies is assessed as small.

f) Price risk
The company's principal activity is provision of loans, the company does not have a diversified portfolio of services and is therefore at risk.

4 Financial risk management (continued)

4.2 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure appropriate for its growth plans.

In order to maintain or adjust the capital structure the company may issue new shares or alter debt levels.

5 Segment information

The company's line of business is the provision of loans and equity investments. All of the company's revenue arises in the UK and all of the company's non-current assets are held in the UK.

6 Operating profit

Operating profit is stated after charging:

Auditors' remuneration of £Nil (2015 - £Nil). The audit fee for the period and comparative was borne by The Just Loans Group Plc.

7 Finance income and costs

	2016 £	2015 £
Finance costs		
Commission on debentures	318,594	72,614
Interest charge on debentures	514,244	181,929
Other interest paid to group and related party creditors	169,034	292,367
	1,001,872	546,910

8 Taxation

	2016 £	2015 £
Domestic current period tax		
Income tax charge	-	-
	-	-
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	(438,196)	(614,337)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20%	(87,639)	(122,867)
Disallowed expenditure	51,619	101,467
Losses to carry forward	36,020	21,400
	-	-

The company has estimated losses of £261,287 (2015 - £107,003) available for carry forward against future trading profits.

8 Taxation (Continued)

The company has not provided for a deferred tax asset of £36,020 (2015 -£21,400) using a future tax rate of 20% on the basis that it is not possible to determine when the company will make sufficient profits to utilise the losses.

9 Dividends

No dividends were paid or proposed for the year ended 31 December 2016.

10 Loss per share

Basic earnings per share is calculated by dividing the earnings attributable shareholders by the weighted average number of ordinary shares outstanding during the period. Reconciliations are set out below:

	Earnings £	Weighted average number of shares No.	Loss per-share Pence
2016			
Basic and diluted loss per share			
Earnings attributable to ordinary shareholders	(438,196)	50,000	(876.39)
2015			
Basic and diluted loss per share			
Earnings attributable to ordinary shareholders	(614,337)	50,000	(1,228.67)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since the company is loss making and the company has no dilutive potential ordinary share the diluted loss per share is the same as the basic loss per share.

11 Fixed asset investments

Shares in subsidiary undertakings	2016 £	2015 £
Brought forward	37,007	-
Additions	50,000	37,007
Provision of Associate	(50,000)	
Loss from Associate	(37,006)	
As at 31 December	1	37,007

During the period the company converted £50,000 of its debt in Pure World Energy into preference share capital of 5,000 shares @ £10 earning 12%.

As at 31 December 2016, the company directly held the following investments:

Name of company	Principal activities	Country of incorporation and place of business	Proportion of equity interest
City Oils Group Limited ***	Holding Company	UK	100%
City Fuel Services Limited **	Re-cycling of contaminated fuel	UK	100%
City Fuel Services(Manchester) Limited **	Re-cycling of contaminated fuel	UK	100%
PWE Holdings PLC	Energy Consultants	UK	26.5%

** Shares held by City Oils Group Limited
*** Shares held by Just Finance Loans & Investments Plc

11 Fixed asset investments (Continued)

Summarised financial information

PWE Holdings PLC

As at 31 December	**2016**	**2015**
	£	**£**
Current assets	434,311	1,135,216
Non-current assets	4,278,686	1,697,109
Current liabilities	275,538	370,924
Non-current liabilities	6,313,978	3,465,028
Year ended 31 December		
Revenues	801,269	620,255
Total comprehensive income	(922,893)	(523,800)

12 Trade and other receivables

	2016	**2015**
Non-current	**£**	**£**
Other receivables	8,874,303	4,822,009
Amount due from group undertakings	-	131,000
	8,874,303	4,953,009
Current		
Other receivables	32,052	-
	8,906,355	4,953,009
Total trade and other receivables	8,906,355	4,953,009

The other receivables balance is net of the provision for doubtful debts.

13 Cash and cash equivalents

	2016	**2015**
	£	**£**
Cash at bank and on hand	90,231	584,967

14 Ordinary share capital

	2016	**2015**
Allotted, called up and fully paid	**£**	**£**
50,000 Ordinary shares of £1 each	50,000	50,000

15 Borrowings

	2016	**2015**
Non-current	**£**	**£**
Debentures	-	4,401,146
Current	**£**	**£**
Debentures	6,377,327	-

All commissions paid have been included within non-current borrowings. All non-current borrowings are wholly repayable within one years.

The debentures are secured by first floating charge over all of the assets of the company, bears interest at 8.25% per annum paid in two half yearly instalments. The debentures will expire on 31 December 2017 and are due for repayment on this date.

Included within debentures is capitalised commission of £ 311,195 (2015 - £407,033) which is being released to the income statement over the life of the debentures.

16 Trade and other payables

	2016	**2015**
Non-current	**£**	**£**
Amounts due to group undertakings	2,336,083	-
Current		
Accruals	31,095	112,129
Amounts due to group undertakings	1,097,054	1,626,045
Provision for loss in Associate	157,561	-
	1,285,710	1,738,174
Total trade and other payables	3,621,793	1,738,174

17 Accumulated Losses

	Accumulated Losses £
At 30 June 2014	
Loss for the period	(614,337)
At 31 December 2015	(614,337)
Loss for the period	(438,196)
At 31 December 2016	(1,052,533)

18 Control

The ultimate parent company is The Just Loans Group Plc, the ultimate parent company has a 100% shareholding in the company.

The company is controlled by John Davies by virtue of his 51.67% shareholding in The Just Loans Group Plc at the period end.

19 Contingent liabilities

The company has no contingent liabilities in respect of legal claims arising from the ordinary course of business.

20 Capital commitments

There was no capital expenditure contracted for at the end of the reporting period but not yet incurred.

21 Cash generated from operations

	2016 £	2015 £
Reconciliation to cash generated from operations		
Operating profit /(loss)	808,243	(41,609)
Changes in working capital:		
- Increase in other receivables	(3,953,348)	(4,157,601)
- Increase/(Decrease) in trade and other payables	1,630,253	817,812
	(1,514,852)	(3,381,398)

22 Related party transactions

The company has loaned funds to Pure World Energy Limited, an associated undertaking. A loan facility agreement is in place and the company was owed £6,075,345 as at 31 December 2016 (2015 - £3,446,939). The loan is accruing interest at 1% per month (12% per annum). The agreement is dated 30 June 2014. The loan is secured by a fixed and floating charge over all property and assets of the Pure World Energy Limited. The loan is also secured by personal guarantees of the directors and shareholders of Pure World Energy Limited.

The company has loaned funds to City Oils Limited a company of which Robert Boot is a common director. A loan facility agreement is in place and the company was owed £2,239,186 as at 31 December 2015 (2015 – £1,375,069).The loan is accruing interest at 1% per month (12% per annum). The agreement is dated 30 June 2014.The loan is secured by a fixed and floating charge over all property and assets of the company. The loan is also secured by personal guarantees of the directors and shareholders of the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

The company has loaned funds to Eco Quest PLC a company in which Robert Boot and John Davies are directors. A loan facility agreement is in place and the group was owed £359,772 (2015 - £225,706) as at 31 December 2015. The loan is accruing interest at 1% per month (12% per annum). The agreement is dated 30 June 2014. No provision has been set as the company has £5.250m of Just Loans stock listed on the Cypriot emerging markets. A share sale has occurred post year end which validates the liquidity of the Just Loans stock at £1.40.

The company has loaned funds to Ko-Su Limited a company of which John Davies is a common director. A loan facility agreement is in place and the company was owed £351,827 (2015 - £281,629) as at 31 December 2016. The loan is accruing interest at 1% per month (12% per annum). The agreement is dated 30 June 2014. During the year the full amount of the loan has been provided for due to uncertainty of recoverability.

At the end of the year the company owed £2,336,038 (2015 - £1,591,044) to The Just Loans Group Plc, its parent company. The loan is accruing interest at 12% per annum and is repayable on demand.

The company owed £725,000 (2015 - £35,000) to Just Bridging Loans Limited and £289,000 (2015 - £116,000) to Just Cash Flow Plc. The company is owed £39,747 (2015 - £15,000) by Just Loans Group Operations Limited and Just Cashflow (Agency) Limited. £43,307 (2015 – nil) All of these entities are fellow subsidiaries of The Just Loans Group Plc and the loans carry £nil interest and are repayable on demand.

23 Events after the reporting period

The group has successfully achieved a debt for equity swap of £4.48m debt for 3.2m shares at £1.40 per share.

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