

Bud Financial Limited
Annual Report and Financial Statements
For the year ended 30 November 2020

Company Registration No. 09651629 (England and Wales)

Bud Financial Limited

Company Information

Directors	E Maslaveckas G Dunning R Warlop S Fink R Bhatia	(Appointed 27 January 2020) (Resigned and reappointed 27 January 2020)
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Company number	09651629
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Registered office	Ground Floor 25B Vyner Street London E2 9DG
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Auditor	Moore Kingston Smith LLP Charlotte Building 17 Gresse Street London W1T 1QL
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Bud Financial Limited

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Bud Financial Limited

Strategic Report

For the year ended 30 November 2020

The directors present the strategic report for the year ended 30 November 2020.

Fair review of the business

The principal activity of Bud Financial Limited (the Company) during the year was, and will continue to be, the development of technological solutions to enable banks and other financial institutions to harness the power of Open Banking and enhance their customers' experience of financial products and services.

The Company has had a successful year despite the pressures on the economic climate due to Covid-19. No staff were furloughed during the year as business activity continued largely as normal, with staff adapting to the required working arrangements.

The Company took advantage of the government's Future Fund scheme in August and raised £4.95m under a convertible loan backed by the Future Fund and a number of existing investors to provide necessary working capital. The directors anticipate that this convertible loan will be capitalised and transferred to equity during 2021 as the Company seeks additional funding to support its expansion into new markets overseas.

Principal risks and uncertainties

The directors have overall responsibility for identifying, evaluating and managing major business risks. They regularly assess the business risks exposure and control including compliance assessments and determine any appropriate action required. Principal business risks reviewed include allocation of responsibilities and control environment, financial control, quality and integrity of personnel, regulatory and compliance controls and IT systems.

Key performance indicators

The results and financial statements presented are for the year ended 30 November 2020, with prior year comparatives.

The directors consider annual recurring revenue (ARR), new customer acquisition and existing customer account growth as the key financial metrics against which the performance of the Company is measured.

	Year Ended 30 November 2020	Year Ended 30 November 2019
ARR Bookings (£'m)	0.78	0.36
Customer Numbers	7	1

Sales revenue reduced slightly to £0.6m (2019: £1.1m) due to: (i) client side delivery delays (resulting in a corresponding delay in revenue increase under existing contracts) and (ii) a focus on expanding the Company's product and services suite (resulting in a lag time for such product and services being commercialised and revenue making), however sales revenue is forecast to increase significantly during 2021. Several key contracts have already been signed and new mandates have been received under existing customer relationships (resulting in a corresponding increase in sales revenue) in the first quarter of 2021.

Bud Financial Limited

Strategic Report (Continued)

For the year ended 30 November 2020

Financial Results

The Company's administrative expenses were £10.2m (2019: £10.2m) but included an increased charge for share options of £2.3m (2019: £0.9m) due to the cancellation and re-issue of certain share options in November 2019. Excluding this item, administrative expenses have reduced by £1.3m due to tighter cost control and more focused spending. The Company had a net loss for the year of £9.0m (2019: £8.5m).

The Company did not pay a dividend for the year ended 30 November 2020 (2019: £nil). Payment of dividends will be reviewed annually.

Prospects

The directors are optimistic about the future growth of the business and continued progress towards profitability. The Company has already opened up a new subsidiary in Australia since the year end, and plans to enhance its UK market position as well as expand its international capabilities.

The directors are currently in discussions with potential investors to provide additional funds for the anticipated future growth of the business and to fund its ongoing operations and whilst there can be no certainty in this respect, the directors are confident that this additional funding will be able to be obtained due to the company's past track record in obtaining funding.

In the event that further funding is not obtained, the directors would seek to restructure the company and to reduce the ongoing cost base. The directors have prepared cash flow forecasts taking account of these potential cost reductions which show that, if these cost reductions are made, the company has sufficient cash headroom to continue to trade and meet its liabilities as they fall due for at least twelve months from the date of signing of these accounts without requiring additional funding. Subsequent to this period, further funding or additional cost reductions over and above those in the cash flow forecasts would be required for the Company to continue to trade. The directors are confident that further cost cutting measures are achievable in the event they are required.

The directors are confident that this allows the business to continue to trade on a going concern basis.

On behalf of the board

E Maslaveckas
Director
30 March 2021

Bud Financial Limited

Directors' Report

For the year ended 30 November 2020

The directors present their annual report and financial statements for the year ended 30 November 2020.

Principal activities

The principal activity of the company continued to be that of a technology platform provider.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

E Maslaveckas

G Dunning

R Warlop

(Appointed 27 January 2020)

S Fink

R Bhatia

(Resigned and reappointed 27 January 2020)

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid.

Auditor

Moore Kingston Smith LLP were appointed auditor 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 disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

E Maslaveckas

Director

30 March 2021

Bud Financial Limited

Directors' Responsibilities Statement

For the year ended 30 November 2020

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bud Financial Limited

Independent Auditor's Report

To the Members of Bud Financial Limited

Opinion

We have audited the financial statements of Bud Financial Limited (the 'company') for the year ended 30 November 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Bud Financial Limited

Independent Auditor's Report (Continued)

To the Members of Bud Financial Limited

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Bud Financial Limited

Independent Auditor's Report (Continued)

To the Members of Bud Financial Limited

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

Valerie Cazalet (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

31 March 2021

Chartered Accountants
Statutory Auditor

Charlotte Building
17 Gresse Street
London
W1T 1QL

Bud Financial Limited

Statement of Comprehensive Income For the year ended 30 November 2020

		2020	2019
	Notes	£	£
Turnover	3	553,620	1,066,957
Cost of sales		(300,667)	(141,172)
		<u>252,953</u>	<u>925,785</u>
Gross profit			925,785
Administrative expenses		(10,205,453)	(10,193,627)
Exceptional item	4	-	(329,120)
		<u>(9,952,500)</u>	<u>(9,596,962)</u>
Operating loss			(9,596,962)
Interest receivable and similar income	7	18,113	73,803
Interest payable and similar expenses	8	(128,022)	-
		<u>(10,062,409)</u>	<u>(9,523,159)</u>
Loss before taxation			(9,523,159)
Taxation	9	1,082,097	984,218
		<u>(8,980,312)</u>	<u>(8,538,941)</u>
Loss for the financial year		<u>(8,980,312)</u>	<u>(8,538,941)</u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

Bud Financial Limited

Balance Sheet

As at 30 November 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	10		105,659		186,733
Current assets					
Debtors	12	1,301,909		1,855,953	
Cash at bank and in hand		5,038,997		5,857,416	
		<u>6,340,906</u>		<u>7,713,369</u>	
Creditors: amounts falling due within one year	13	<u>(707,707)</u>		<u>(513,053)</u>	
Net current assets			5,633,199		7,200,316
Total assets less current liabilities			<u>5,738,858</u>		<u>7,387,049</u>
Creditors: amounts falling due after more than one year	14		(5,078,121)		-
Net assets			<u>660,737</u>		<u>7,387,049</u>
Capital and reserves					
Called up share capital	18		1,496		1,496
Share premium account			17,771,691		17,771,691
Profit and loss reserves			(17,112,450)		(10,386,138)
Total equity			<u>660,737</u>		<u>7,387,049</u>

The financial statements were approved by the board of directors and authorised for issue on 30 March 2021 and are signed on its behalf by:

E Maslaveckas
Director

Company Registration No. 09651629

Bud Financial Limited

Statement of Cash Flows

For the year ended 30 November 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	20	(6,740,120)		(9,499,082)	
Income taxes refunded		984,218		327,314	
Net cash outflow from operating activities		(5,755,902)		(9,171,768)	
Investing activities					
Purchase of tangible fixed assets		(30,729)		(146,551)	
Proceeds on disposal of tangible fixed assets		-		3,648	
Interest received		18,113		73,803	
Net cash used in investing activities		(12,616)		(69,100)	
Financing activities					
Proceeds from issue of shares		-		7,074,046	
Issue of convertible loans		4,950,099		-	
Net cash generated from financing activities		4,950,099		7,074,046	
Net decrease in cash and cash equivalents		(818,419)		(2,166,822)	
Cash and cash equivalents at beginning of year		5,857,416		8,024,238	
Cash and cash equivalents at end of year		5,038,997		5,857,416	

Bud Financial Limited

Statement of Changes in Equity

For the year ended 30 November 2020

	Share capital	Share premium	Share loss	Profit and reserves	Total
Notes	£	account	account	£	£
Balance at 1 December 2018	1,265	10,697,876	(2,776,623)		7,922,518
Period ended 30 November 2019:					
Loss and total comprehensive income for the year	-	-	(8,538,941)		(8,538,941)
Issue of share capital	18	231	7,073,815	-	7,074,046
Credit to equity for equity settled share-based payments	16	-	-	929,426	929,426
Balance at 30 November 2019	1,496	17,771,691	(10,386,138)		7,387,049
Period ended 30 November 2020:					
Loss and total comprehensive income for the year	-	-	(8,980,312)		(8,980,312)
Credit to equity for equity settled share-based payments	16	-	-	2,254,000	2,254,000
Balance at 30 November 2020	1,496	17,771,691	(17,112,450)		660,737

Bud Financial Limited

Notes to the Financial Statements

For the year ended 30 November 2020

1 Accounting policies

Company information

Bud Financial Limited is a company limited by shares incorporated in England and Wales. The registered office is Ground Floor, 25B Vyner Street, London, E2 9DG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The company made a loss after taxation in the year of £8,980,312 (2019: £8,538,941), had net assets as at 30 November 2020 of £660,737 (2019: £7,387,049) and cash balances of £5,038,997. (2019: £5,857,416.) The company is forecast to make further losses in the year ended 30 November 2021 as it invests in the development of its technology.

Business activity has continued largely as normal despite the ongoing Covid 19 pandemic. Staff have adapted well to the new working requirements and to working from home. No staff were furloughed in the period. The company took advantage of the government's Future Fund scheme and raised £4.95m in convertible loans backed by the Future Fund and a number of private investors.

The Directors are currently in discussions with potential investors to provide additional funds for the anticipated future growth of the business and to fund its ongoing operations and whilst there can be no certainty in this respect, the directors are confident that this additional funding will be able to be obtained due to the company's past track record in obtaining funding.

In the event that further funding is not obtained, the directors would seek to restructure the company and to reduce the ongoing cost base. The directors have prepared cash flow forecasts taking account these potential cost reductions which show that, if these cost reductions are made, the company has sufficient cash headroom to continue to trade and meet its liabilities as they fall due for at least twelve months from the date of signing of these accounts without requiring additional funding. Subsequent to this period, further funding or additional cost reductions over and above those in the cash flow forecasts would be required for the Company to continue to trade. The directors are confident that further cost cutting measures are achievable in the event they are required.

As a result the financial statements have been prepared on a going concern basis.

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2020

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT. The fair value of consideration takes into account trade discounts.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over term of lease
Office equipment	3 years straight line
Other equipment	1 year straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company has basic financial instruments measured at amortised cost, with no financial instruments classified as other or basic instruments measured at fair value.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.7 Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2020

1 Accounting policies

(Continued)

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Share-based payments

The fair value of equity-settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2020

1 Accounting policies

(Continued)

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.15 Research and development costs

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020	2019
	£	£
Turnover analysed by class of business		
Revenue from contracts	553,620	892,667
Grants	-	174,027
Other	-	263
	<u>553,620</u>	<u>1,066,957</u>
	<u>553,620</u>	<u>1,066,957</u>
	2020	2019
	£	£
Other significant revenue		
Interest income	18,113	73,803
	<u>18,113</u>	<u>73,803</u>

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2020

3 Turnover and other revenue (Continued)

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	480,000	1,066,957
Rest of World	73,620	-
	<u>553,620</u>	<u>1,066,957</u>

4 Exceptional costs/(Income)

	2020	2019
	£	£
Redundancy costs	-	329,120
	<u>-</u>	<u>329,120</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
	73	82
	<u>73</u>	<u>82</u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	7,336,860	6,521,657
Social security costs	615,577	675,822
Pension costs	219,242	246,560
	<u>8,171,679</u>	<u>7,444,039</u>

6 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	210,017	219,083
	<u>210,017</u>	<u>219,083</u>

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2020

6 Directors' remuneration	(Continued)	
Remuneration disclosed above include the following amounts paid to the highest paid director:		
	2020	2019
	£	£
Remuneration for qualifying services	122,853	128,739
	<u> </u>	<u> </u>
7 Interest receivable and similar income		
	2020	2019
	£	£
Interest income		
Interest on bank deposits	18,113	73,803
	<u> </u>	<u> </u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	18,113	73,803
	<u> </u>	<u> </u>
8 Interest payable and similar expenses		
	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on convertible loan notes	128,022	-
	<u> </u>	<u> </u>
9 Taxation		
	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	(1,082,097)	(984,218)
	<u> </u>	<u> </u>

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2020

9 Taxation

(Continued)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Loss before taxation	(10,062,409)	(9,523,159)
<i>Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)</i>	(1,911,858)	(1,809,400)
Tax effect of expenses that are not deductible in determining taxable profit	8,938	1,528
Research and development tax credit	1,082,097	980,698
Other permanent differences	(696,924)	(333,635)
Share based payment charge	435,650	176,591
Taxation credit for the year	(1,082,097)	(984,218)

10 Tangible fixed assets

	Leasehold improvements	Office equipment	Other equipment	Total
	£	£	£	£
Cost				
At 1 December 2019	30,431	295,669	5,592	331,692
Additions	-	23,966	5,834	30,729
Disposals	(30,431)	(3,427)	(6,522)	(40,380)
At 30 November 2020	-	316,208	5,833	322,041
Depreciation and impairment				
At 1 December 2019	19,983	121,906	3,070	144,959
Depreciation charged in the year	2,612	95,740	3,473	101,825
Eliminated in respect of disposals	(22,595)	(1,890)	(5,917)	(30,402)
At 30 November 2020	-	215,756	626	216,382
Carrying amount				
At 30 November 2020	-	100,452	5,207	105,659
At 30 November 2019	10,448	173,763	2,522	186,733

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2020

11 Financial instruments

	2020	2019
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	103,600	674,800
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	5,618,949	323,560
	<u> </u>	<u> </u>

12 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	-	421,200
Corporation tax recoverable	1,082,097	984,218
Other debtors	144,400	296,766
Prepayments and accrued income	75,412	153,769
	<u> </u>	<u> </u>
	1,301,909	1,855,953
	<u> </u>	<u> </u>

13 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	219,802	135,791
Other taxation and social security	166,879	189,493
Other creditors	45,948	11,664
Accruals and deferred income	275,078	176,105
	<u> </u>	<u> </u>
	707,707	513,053
	<u> </u>	<u> </u>

14 Creditors: amounts falling due after more than one year

		2020	2019
	Notes	£	£
Convertible loans	15	5,078,121	-
		<u> </u>	<u> </u>

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2020

15 Convertible loan notes

	2020	2019
	£	£
Liability component of convertible loan notes	5,078,121	-

Convertible loan finance will be converted into equity automatically on a qualified financing or exit, or at the election of the Lender Majority on non-qualified financing, or automatically on the maturity date of 5 August 2023 unless notice for repayment has been given by the lenders in accordance with the agreement, such repayment to be on 5 August 2023.

Interest on the convertible loan notes accrued at 8% per annum.

The net proceeds received from the issue of the convertible loan notes have not been split between the financial liability element and an equity component, as the equity element of the loan is considered to be immaterial to the financial statements.

Convertible loan notes are held at amortised cost.

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2020

16 Share-based payment transactions

Options are granted to UK employees for equity shares in the company. These were as follows.

	Number of share options		Weighted average exercise price	
	2020 Number	2019 Number	2020 £	2019 £
Outstanding at 1 December 2019	139,312	171,361	30.89	7.78
Granted	61,811	121,642	30.83	30.89
Forfeited	(21,609)	(153,691)	8.54	8.54
	<u>179,514</u>	<u>139,312</u>	<u>30.89</u>	<u>30.89</u>
Outstanding at 30 November 2020	<u>179,514</u>	<u>139,312</u>	<u>30.89</u>	<u>30.89</u>
Exercisable at 30 November 2020	<u>95,845</u>	<u>120,661</u>	<u>-</u>	<u>-</u>

The options outstanding at 30 November 2020 had an exercise price ranging from £1.56 to £7.25, and a remaining contractual life of 3 years.

At the balance sheet date, directors hold 52,808 (2019: 53,768) share options that were in issue during the period. The average weighted market value of these options at the grant date was £30.89 and they have an average weighted exercise price of £1.56.

The weighted average fair value of options granted during the year was £29.33. Fair value was measured using the Black-Scholes option pricing model.

Inputs were as follows:

	2020	2019
Weighted average share price	30.89	30.89
Weighted average exercise price	1.56	1.56
Expected volatility	0.54	0.54
Expected life	3.00	3.00
Risk free rate	-0.03	0.70

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2020

17 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	219,242	246,560

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
500,019 Ordinary A shares of 0.1p each	500	500
312,560 Ordinary B shares of 0.1p each	312	312
	<u>812</u>	<u>812</u>
Preference share capital		
Issued and fully paid		
165,517 Preference C shares of 0.1p each	166	166
375,123 Preference D shares of 0.1p each	375	375
143,146 Preference D2 shares of 0.1p each	143	143
	<u>684</u>	<u>684</u>

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	2,651	348,156

Bud Financial Limited

Notes to the Financial Statements (Continued)

For the year ended 30 November 2020

20 Cash generated from operations	2020	2019
	£	£
Loss for the year after tax	(8,980,312)	(8,538,941)
Adjustments for:		
Taxation credited	(984,218)	(332,962)
Finance costs	128,022	-
Investment income	(18,113)	(73,803)
Loss on disposal of tangible fixed assets	9,978	2,800
Depreciation and impairment of tangible fixed assets	101,825	99,067
Equity settled share based payment expense	2,254,000	929,426
Movements in working capital:		
Decrease/(increase) in debtors	554,044	(809,200)
Increase/(decrease) in creditors	194,654	(775,469)
Cash absorbed by operations	(6,740,120)	(9,499,082)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.