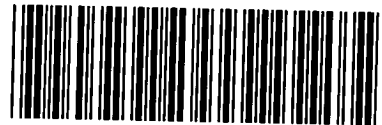


Registered number: 08973073

VELOCITY MOBILE LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

THURSDAY



L7XTBXBS

LD5

24/01/2019

#120

COMPANIES HOUSE

VELOCITY MOBILE LIMITED

COMPANY INFORMATION

Directors	M Yusuf A Macdonald Eric Ortnier (appointed 15 January 2018) Kavah Atrak (appointed 15 January 2018) Jamie Caring (appointed 15 January 2018)
Registered number	08973073
Registered office	25 Old Burlington Street London W1S 3AN
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 30 Finsbury Square London EC2A 1AG

VELOCITY MOBILE LIMITED

CONTENTS

	Page
Group strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Consolidated income statement	8
Consolidated statement of comprehensive income	9
Consolidated statement of financial position	10
Company statement of financial position	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	13
Notes to the financial statements	14 - 28

VELOCITY MOBILE LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2018

Introduction

Velocity is the world's first all-digital marketplace targeting the cash-rich and time-poor consumer. As the only multi-vertical digital provider to the premium consumer, Velocity addresses a vast, untapped market of premium spending representing \$5 trillion, growing faster than global GDP. Our mission is to harness human and machine potential to empower people to live their most meaningful lives.

Velocity benefits from several revenue streams with a mixture of annual recurring revenue from membership sales and transactional revenue driven through engagement across Experiences, Travel and Luxury Goods. Users transact through the platform using a conversational commerce engine supported by Artificial Intelligence (AI).

As a technology company Velocity invests significantly in R&D, designed to drive engagement through personalisation and recommendation engines and automation of tasks through artificial intelligence and machine learning.

Velocity benefits from having a geographically diversified customer base with customers predominantly in the US and UK but a growing presence in the Middle East and Asia. We have now completed bookings and transactions in more than 70 countries globally.

Business review

The financial year ending in April 2018 was the first full financial year since the launch of Velocity Black, our flagship product. This resulted in significant growth with gross sales growing 2,105% and revenue growing 850% from the prior year to £2.8m. The growth was fueled by significant increases in membership numbers and transactional revenue.

Investment in technology and automation saw an 8 times increase in productivity, measured as revenue per employee, as our platform scaled. Continued investment in partnerships, content and internal training led to a significant increase in engagement across the three core business units during the year: Dining, Experiences and Travel. This investment also led to an increase in customer satisfaction, and therefore renewal rates, which have continued to climb since the end of the financial year.

Since the end of the financial year, revenue has continued to grow quickly, with annualised revenue breaking £6m in recent months. We have now processed more than £14m in transactions since the launch of Velocity Black, with an average transaction size higher than £2k, representing the success the platform has had building trust and engaging premium consumers. We recently launched a new vertical, Luxury Goods which has grown to annualise £5m in sales within 4 months of launching.

We have also recently launched Velocity for Business, which harnesses the technology and service which underpins Velocity Black and licenses it to companies looking to engage and build loyalty with their premium customer base. We have signed our first contract since the end of the financial year, and have a strong pipeline of contracts for 2019.

- We expect growth this year to come from three principal axes:
- International expansion of Velocity Black to new markets
- Launching new verticals into our existing membership base
- Velocity for Business and other new channels to bring customers on to the marketplace.

Since the end of the financial year, we have closed a financing round, predominantly with our existing investors.

VELOCITY MOBILE LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2018

Principal risks and uncertainties

The management of the business and the nature of the Group's strategy are subject to a number of risks, the principal ones being set out below. The Directors are of the opinion that through the adoption of their risk management process there are sufficient processes in place to monitor and mitigate such risks.

Global economic conditions. Our overall performance depends in part on worldwide economic conditions. Most key international economies have experienced cyclical downturns from time to time in which economic activity was impacted by falling demand for a variety of goods and services, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, bankruptcies and overall uncertainty with respect to the economy. These conditions could adversely affect our members' ability or willingness to purchase our services, delay prospective members' purchasing decisions, reduce the value or duration of their subscription contracts, or affect attrition rates, all of which could adversely affect our operating results. In response to this risk, Velocity Mobile has been signing up members across a number of geographies and has implemented various pricing strategies designed to reflect members purchasing decisions. Security measures. Our cloud-based services involve the storage and transmission of members' proprietary information, and security breaches could expose us to a risk of loss of this information, litigation and possible liability. Whilst Velocity Mobile and its suppliers have robust security measures in place, they may be breached as a result of third-party action, including intentional misconduct by computer hackers, employee error, malfeasance or otherwise and result in someone obtaining unauthorized access to our members' data. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognised until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

Competition and technological advances. The market in which Velocity Mobile operates remains relatively untouched by competitors, but is rapidly evolving. The company is committed to its research and development strategy and is well positioned to offer products and services to its members which enables them to manage their lifestyle in the most efficient way.

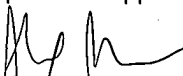
Defects or disruptions in our services. Because our services are complex and incorporate a variety of proprietary and third-party hardware and software, our services may have errors or defects that could result in unanticipated downtime for our members and harm to our reputation and our business. Cloud services frequently contain undetected errors when first introduced or when new versions or enhancements are released. Since our members use our services for important aspects of their lifestyle management, any errors, defects, disruptions in service or other performance problems could hurt our reputation and may disrupt our members' lifestyle. As a result, members could elect to not renew their membership or delay or withhold payment to us.

Financial key performance indicators

General business KPIs are listed below. We regularly review these KPIs and other business-specific performance indicators which are used by management internally and are reported to investors.

- Gross sales growth: increased by 2,105% from 16/17
- Net Revenue growth: increased by 850% from 16/17
- Average transaction size: increased by 27% from 16/17
- Productivity Growth: net revenue per employee increased 782% from 16/17
- EBITDA: loss increased by 56% since 16/17.

This report was approved by the board on 22 January 2019 and signed on its behalf.


A Macdonald
Director

VELOCITY MOBILE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2018

The directors present their report and the financial statements for the year ended 30 April 2018.

Principal activity

The principal activity of the company for the year under review was that of hospitality software.

Results and dividends

The loss for the year, after taxation, amounted to £10,275,704 (2017 - loss £6,755,637).

The directors have not recommended the payment of an ordinary dividend.

Going concern

We believe that the company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the company's needs. Since 30th April 2018 the company has raised more than £1m in equity capital and thus we believe no additional disclosures relating to the company's ability to continue as a going concern need to be made in the financial statements. In assessing going concern, we have paid particular attention to a period of not less than one year from the date of approval of the financial statements.

Directors

The directors who served during the year were:

M Yusuf
A Macdonald
Eric Ortner (appointed 15 January 2018)
Kavah Atrak (appointed 15 January 2018)
Jamie Caring (appointed 15 January 2018)

Future developments

Velocity Black, a digital conceige and members' community, was launched at the end of 2016 as part of our plan to monetise our investment in technology.

It has driven significant revenue growth in the period since the end of the financial year. At the time of writing revenue has grown 850% in the past year, and productivity (measured as revenue per employee) has grown 8.8x during that period.

VELOCITY MOBILE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2018

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

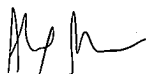
Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 January 2019 and signed on its behalf.



A Macdonald
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VELOCITY MOBILE LIMITED

Opinion

We have audited the financial statements of Velocity Mobile Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2018, which comprise the Consolidated Income statement, the Consolidated Statement of comprehensive income, the Consolidated and Company Statements of financial position, the Consolidated and Company Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 Group's and of the parent Company's affairs as at 30 April 2018 and of the Group's 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Who we are reporting to

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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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 Group's or the parent 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VELOCITY MOBILE LIMITED (CONTINUED)

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report by the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VELOCITY MOBILE LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 4, 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 Group's and the parent 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 Group or the parent 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.

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

Grant Thornton UK LLP

Anthony Thomas (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Senior Statutory Auditor
London

22 January 2019

VELOCITY MOBILE LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2018

	Note	2018 £	2017 £
Turnover	4	2,635,672	277,523
Cost of sales		(1,243,834)	(215,230)
Gross profit		1,391,838	62,293
Administrative expenses		(12,049,380)	(7,190,357)
Operating loss	5	(10,657,542)	(7,128,064)
Interest receivable and similar income	8	5	31
Loss before tax		(10,657,537)	(7,128,033)
Tax on loss	9	381,833	372,396
Loss for the financial year		(10,275,704)	(6,755,637)

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated income statement.

The notes on pages 14 to 28 form part of these financial statements.

VELOCITY MOBILE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2018

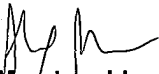
	2018 £	2017 £
Loss for the financial year	(10,275,704)	(6,755,637)
Other comprehensive income		
Currency translation differences	1,781,850	(904,838)
Total comprehensive income for the year	(8,493,854)	(7,660,475)

VELOCITY MOBILE LIMITED
REGISTERED NUMBER:08973073

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	11	3,531,174	4,212,625
Tangible assets	12	177,725	101,200
		3,708,899	4,313,825
Current assets			
Stocks	14	183,233	109,040
Debtors: amounts falling due within one year	15	918,389	1,082,090
Cash at bank and in hand	16	1,040,721	4,381,511
		2,142,343	5,572,641
Creditors: amounts falling due within one year	17	(2,311,171)	(1,136,956)
Net current (liabilities)/assets		(168,828)	4,435,685
Total assets less current liabilities		3,540,071	8,749,510
Provisions	18	(27,762)	-
Net assets		3,512,309	8,749,510
Capital and reserves			
Called up share capital	19	242	231
Share premium account		24,157,352	21,062,856
Other reserves		5,944,779	4,000,783
Profit and loss account		(26,590,064)	(16,314,360)
Equity attributable to owners of the parent Company		3,512,309	8,749,510

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


A Macdonald
 Director
 Date: 22 January 2019


The notes on pages 14 to 28 form part of these financial statements.

VELOCITY MOBILE LIMITED
REGISTERED NUMBER:08973073

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	11	3,531,173	4,212,625
Tangible assets	12	146,466	61,904
Investments	13	795,998	795,998
		4,473,637	5,070,527
Current assets			
Stocks	14	141,432	102,273
Debtors: amounts falling due within one year	15	836,266	990,441
Cash at bank and in hand	16	560,077	2,524,821
		1,537,775	3,617,535
Creditors: amounts falling due within one year	17	(1,433,474)	(722,401)
Net current assets		104,301	2,895,134
Total assets less current liabilities		4,577,938	7,965,661
Provisions	18	(27,762)	-
Net assets		4,550,176	7,965,661
Capital and reserves			
Called up share capital	19	242	231
Share premium account		24,157,352	21,062,856
Other reserves		5,272,691	5,110,545
Profit and loss account		(24,880,109)	(18,207,971)
		4,550,176	7,965,661

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


A Macdonald
 Director
 Date: 22 January 2019

The notes on pages 14 to 28 form part of these financial statements.

VELOCITY MOBILE LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2018**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 May 2017	231	21,062,856	4,000,783	(16,314,360)	8,749,510
Loss for the year	-	-	-	(10,275,704)	(10,275,704)
Foreign exchange movement	-	-	1,781,850	-	1,781,850
Other comprehensive income for the year	-	-	1,781,850	-	1,781,850
Total comprehensive income for the year	-	-	1,781,850	(10,275,704)	(8,493,854)
Shares issued during the year	11	3,094,496	-	-	3,094,507
Share based payments	-	-	162,146	-	162,146
Total transactions with owners	11	3,094,496	162,146	-	3,256,653
At 30 April 2018	242	24,157,352	5,944,779	(26,590,064)	3,512,309

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2017**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 May 2016	188	10,456,399	2,867,682	(9,558,723)	3,765,546
Loss for the year	-	-	-	(6,755,637)	(6,755,637)
Foreign exchange movement	-	-	(904,838)	-	(904,838)
Other comprehensive income for the year	-	-	(904,838)	-	(904,838)
Total comprehensive income for the year	-	-	(904,838)	(6,755,637)	(7,660,475)
Shares issued during the year	43	10,606,457	-	-	10,606,500
Consideration for acquisitions	-	-	2,037,939	-	2,037,939
At 30 April 2017	231	21,062,856	4,000,783	(16,314,360)	8,749,510

VELOCITY MOBILE LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2018**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 May 2017	231	21,062,856	5,110,545	(18,207,971)	7,965,661
Comprehensive income for the year					
Loss for the year	-	-	-	(6,672,138)	(6,672,138)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,672,138)</u>	<u>(6,672,138)</u>
Contributions by and distributions to owners					
Shares issued during the year	11	3,094,496	-	-	3,094,507
Share based payments	-	-	162,146	-	162,146
At 30 April 2018	<u>242</u>	<u>24,157,352</u>	<u>5,272,691</u>	<u>(24,880,109)</u>	<u>4,550,176</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2017**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 May 2016	188	10,456,399	3,072,607	(6,272,711)	7,256,483
Comprehensive income for the year					
Loss for the year	-	-	-	(11,935,260)	(11,935,260)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,935,260)</u>	<u>(11,935,260)</u>
Contributions by and distributions to owners					
Shares issued during the year	43	10,606,457	-	-	10,606,500
Consideration for acquisition	-	-	2,037,938	-	2,037,938
At 30 April 2017	<u>231</u>	<u>21,062,856</u>	<u>5,110,545</u>	<u>(18,207,971)</u>	<u>7,965,661</u>

The notes on pages 14 to 28 form part of these financial statements.

VELOCITY MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

1. General information

Velocity Mobile Limited is a private company limited by shares, registered and incorporated in England. The company's registered office is 25 Old Burlington Street, London, W1S 3AN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income statement in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated income statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Cash flow

The group, being a qualifying entity according to Section 1 of FRS 102, is exempt from the requirement to draw up a cash flow statement.

2.4 Turnover

Turnover represents amount receivable for membership subscriptions, the provision for goods and services and commissions net of VAT. The total turnover of the company for the year has been derived from its principal activities.

Turnover is recognized when the significant risks and rewards of ownership have passed to the buyer when the goods or services are delivered.

Membership income is spread over the subscription period after accounting for initial costs.

VELOCITY MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

2. Accounting policies (continued)

2.5 Going concern

We believe that the company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the company's needs. Since 30th April 2018 the company has raised more than £1m in equity capital and thus we believe no additional disclosures relating to the company's ability to continue as a going concern need to be made in the financial statements. In assessing going concern, we have paid particular attention to a period of not less than one year from the date of approval of the financial statements.

2.6 Tangible fixed assets

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	33.33% on straight line basis
Fixture, fittings and equipment	33.33% on straight line basis

2.7 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated income statement over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.8 Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution of value.

2.9 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction (or, if hedged forward, at the rate of exchange under the related forward currency contract). Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

VELOCITY MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

2. Accounting policies (continued)

2.10 Operating lease

Rentals paid under operating lease are charged to the profit and loss on a straight line basis over the lease term.

2.11 Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but but reversed by the balance sheet date, except as otherwise required by FRS 19.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

VELOCITY MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

2. Accounting policies (continued)

2.14 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated income statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.17 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

VELOCITY MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Directors have made judgements and estimates that they consider to be reasonable and prudent. The Directors do not believe that there are any impairment issues to consider as the massive growth in revenue and membership validate the company's strategy. The Directors are aware that the company will need to continue investing to sustain its growth and short-term losses are an inevitable outcome of the growth strategy.

The company has made a dilapidations provision of £27,762 as at 30/04/2018. The Directors are aware that this provision might not be sufficient to cover the dilapidations costs as it stands. However since the lease has a break clause in June 2019 the company will continue to accrue for dilapidations on a monthly basis so that at the time of break clause there will be enough to cover for estimates of dilapidations (provided by a third party). Furthermore the actual costs of the dilapidations might also differ significantly from the estimates provided to the company.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Revenue	2,635,672	277,523
	<u>2,635,672</u>	<u>277,523</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	1,861,235	277,523
United States of America	774,437	-
	<u>2,635,672</u>	<u>277,523</u>

VELOCITY MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018

5. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	71,198	104,827
Amortisation of intangible fixed assets	1,263,052	1,048,525
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	15,900	16,000
Taxation compliance services	9,000	9,000
Preparation of financial statements	1,500	3,000
	<u>1,361,550</u>	<u>1,280,352</u>

6. Employees

The average monthly number of employees, including directors, during the year was 56 (2017 - 52).

7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	240,000	340,000
Company contributions to defined contribution pension schemes	522	-
	<u>240,522</u>	<u>340,000</u>

The highest paid director received remuneration of £120,000 (2017 - £170,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £260 (2017 - £NIL).

8. Interest receivable

	2018 £	2017 £
Other interest receivable	5	31
	<u>5</u>	<u>31</u>

VELOCITY MOBILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

9. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	(381,833)	(372,396)
Total current tax	<u>(381,833)</u>	<u>(372,396)</u>

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.92%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	<u>(10,657,537)</u>	<u>(7,128,033)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.92%)	(2,024,932)	(1,419,800)
Effects of:		
Expenses not deductible for tax purposes	327,654	139,524
Impact of difference in foreign tax rates	6,360	(609,914)
Additional deduction for R&D expenditure	(287,507)	(385,319)
Surrender of tax losses for R&D tax credit refund	120,473	139,143
Deferred tax not recognised	1,476,119	1,763,970
Total tax charge for the year	<u>(381,833)</u>	<u>(372,396)</u>

Factors that may affect future tax charges

The company has taxable trading losses carried forward amounting to £13,256,760 (2017: £7,932,522) to be offset against future profits of the same trade. Corporation tax is computed at the rate applicable to small companies in the UK for the period under review.

10. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income statement in these financial statements. The loss after tax of the parent Company for the year was £6,672,138 (2017 - loss £11,935,260).

11. Intangible assets

Group

VELOCITY MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018

11. Intangible assets (continued)

	Intellectual property £	Development costs £	Customer lists £	Goodwill £
Cost				
At 1 May 2017	52,086	556,309	2,297,444	2,435,032
Additions	-	688,264	-	-
Disposals	-	(153,330)	-	-
At 30 April 2018	<u>52,086</u>	<u>1,091,243</u>	<u>2,297,444</u>	<u>2,435,032</u>
Amortisation				
At 1 May 2017	19,358	91,612	530,270	487,006
Charge for the year	10,418	306,138	459,489	487,007
On disposals	-	(46,667)	-	-
At 30 April 2018	<u>29,776</u>	<u>351,083</u>	<u>989,759</u>	<u>974,013</u>
Net book value				
At 30 April 2018	<u>22,310</u>	<u>740,160</u>	<u>1,307,685</u>	<u>1,461,019</u>
At 30 April 2017	<u>32,728</u>	<u>464,697</u>	<u>1,767,174</u>	<u>1,948,026</u>

VELOCITY MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018

11. Intangible assets (continued)

	Total £
Cost	
At 1 May 2017	5,340,871
Additions	688,264
Disposals	(153,330)
At 30 April 2018	<u>5,875,805</u>
Amortisation	
At 1 May 2017	1,128,246
Charge for the year	1,263,052
On disposals	(46,667)
At 30 April 2018	<u>2,344,631</u>
Net book value	
At 30 April 2018	<u>3,531,174</u>
At 30 April 2017	<u>4,212,625</u>

VELOCITY MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018

11. Intangible assets (continued)

Company

	Intellectual property £	Development costs £	Customer lists £	Goodwill £	Total £
Cost					
At 1 May 2017	52,086	556,309	2,297,444	2,435,032	5,340,871
Additions	-	688,264	-	-	688,264
Disposals	-	(153,330)	-	-	(153,330)
At 30 April 2018	52,086	1,091,243	2,297,444	2,435,032	5,875,805
Amortisation					
At 1 May 2017	19,358	91,612	530,270	487,006	1,128,246
Charge for the year	10,418	306,138	459,489	487,007	1,263,052
On disposals	-	(46,667)	-	-	(46,667)
At 30 April 2018	29,776	351,083	989,759	974,013	2,344,631
Net book value					
At 30 April 2018	22,310	740,160	1,307,685	1,461,019	3,531,174
At 30 April 2017	32,728	464,697	1,767,174	1,948,026	4,212,625

VELOCITY MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018

12. Tangible fixed assets

Group

	Leasehold improvements £	Fixtures, fittings & equipment £	Total £
Cost or valuation			
At 1 May 2017	25,303	233,560	258,863
Additions	20,277	127,445	147,722
At 30 April 2018	<u>45,580</u>	<u>361,005</u>	<u>406,585</u>
Depreciation			
At 1 May 2017	17,914	139,749	157,663
Charge for the year on owned assets	7,455	63,743	71,198
At 30 April 2018	<u>25,369</u>	<u>203,492</u>	<u>228,861</u>
Net book value			
At 30 April 2018	<u>20,211</u>	<u>157,513</u>	<u>177,724</u>
At 30 April 2017	<u>7,389</u>	<u>93,811</u>	<u>101,200</u>

VELOCITY MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018

12. Tangible fixed assets (continued)

Company

	Leasehold improvements £	Equipment £	Total £
Cost or valuation			
At 1 May 2017	-	106,295	106,295
Additions	21,780	118,421	140,201
At 30 April 2018	21,780	224,716	246,496
Depreciation			
At 1 May 2017	-	44,392	44,392
Charge for the year on owned assets	3,625	52,013	55,638
At 30 April 2018	3,625	96,405	100,030
Net book value			
At 30 April 2018	18,155	128,311	146,466
At 30 April 2017	-	61,904	61,904

VELOCITY MOBILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

13. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Velocity Mobile Inc	Ordinary	100 %	Mobile application technology
Velocity Mobile Canada Inc	Ordinary	100 %	Mobile application technology
Leanmobile Limited	Ordinary	100 %	Mobile application technology

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 May 2017	795,998
At 30 April 2018	<u>795,998</u>
Net book value	
At 30 April 2018	<u>795,998</u>
At 30 April 2017	<u>795,998</u>

14. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Finished goods and goods for resale	<u>183,233</u>	<u>109,040</u>	<u>141,432</u>	<u>102,273</u>

15. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	101,061	63,624	41,723	21,488

VELOCITY MOBILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018

15. Debtors (continued)

Other debtors	259,655	169,202	240,368	119,998
Prepayments and accrued income	169,261	148,225	165,763	147,916
Corporation tax receivable	388,412	701,039	388,412	701,039
	<u>918,389</u>	<u>1,082,090</u>	<u>836,266</u>	<u>990,441</u>

16. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	<u>1,040,721</u>	<u>4,381,511</u>	<u>560,077</u>	<u>2,524,821</u>

17. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	857,275	301,528	682,136	155,718
Other taxation and social security	231,364	217,646	231,362	216,325
Other creditors	15,060	-	15,060	-
Accruals and deferred income	1,207,472	617,782	504,916	350,358
	<u>2,311,171</u>	<u>1,136,956</u>	<u>1,433,474</u>	<u>722,401</u>

18. Provisions

Group

	Dilapidation £
Charged to profit or loss	27,762
At 30 April 2018	<u><u>27,762</u></u>

VELOCITY MOBILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2018**

Company

	Dilapidation £	Total £
Charged to profit or loss	27,762	27,762
At 30 April 2018	<u>27,762</u>	<u>27,762</u>

19. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
242 (2017 - 231) Ordinary shares of £1.00 each	<u>242</u>	<u>231</u>

20. Commitments under operating leases

At 30 April 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	<i>Group</i> 2017 £	Company 2018 £	<i>Company</i> 2017 £
Between one and five years	403,569	101,677	403,569	81,600
	<u>403,569</u>	<u>101,677</u>	<u>403,569</u>	<u>81,600</u>

21. Controlling party

There is no ultimate controlling party.

22. Related party transactions

The company has taken advantage of the exemption under the terms of Financial Reporting Standard 102 " The Financial Reporting Standard applicable in the UK and Republic of Ireland", not to disclose related party transactions with wholly owned subsidiaries within the group.