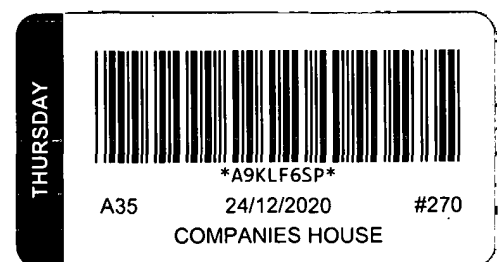


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**RECEIPT BANK LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**



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**RECEIPT BANK LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	A P Blair J A Ewell J Green (appointed 2 January 2020) M Hennessy C R G Mullin A D S Prenn P A Robert-Tissot M C Wood H L Zidel
<b>Company secretary</b>	Oakwood Corporate Secretary Limited
<b>Registered number</b>	07361080
<b>Registered office</b>	99 Clifton Street London EC2A 4LG
<b>Independent auditor</b>	Nexia Smith & Williamson Statutory Auditor & Chartered Accountants 25 Moorgate London EC2R 6AY
<b>Bankers</b>	Canadian Imperial Bank of Commerce 150 Cheapside London England EC2V 6ET

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**RECEIPT BANK LIMITED**

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**CONTENTS**

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	Page
<b>Group Strategic Report</b>	1 - 3
<b>Directors' Report</b>	4 - 6
<b>Directors' Responsibilities Statement</b>	7
<b>Independent Auditor's Report</b>	8 - 10
<b>Consolidated Statement of Comprehensive Income</b>	11
<b>Consolidated Statement of Financial Position</b>	12 - 13
<b>Company Statement of Financial Position</b>	14 - 15
<b>Consolidated Statement of Changes in Equity</b>	16
<b>Company Statement of Changes in Equity</b>	17
<b>Consolidated Statement of Cash Flows</b>	18
<b>Notes to the Financial Statements</b>	19 - 44

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## RECEIPT BANK LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Introduction

Receipt Bank Group provides a platform containing a suite of automation tools to help its target customers to improve their book-keeping and accounting processes. Target customers fall into two main categories:

- Book-keeping and accounting firms – helping them to gather, process and store accounting information and monitoring related workflows for their client base; and
- Standalone businesses – allowing them to collect electronically receipts and invoices, to extract, process and store this accounting information and integrate it with their other financial systems.

The Group is headquartered in the UK and operates globally, with offices in Australia, US, France, South Africa, Bulgaria and Canada.

#### Business review

The business has continued to grow with turnover up 53% on 2018 whilst our operating loss reduced by 33% from (£17.5m) to (£11.8m). The number of book-keeping and accounting firms we serve grew to 9,889, and the number of total small businesses we serve increased by 93%.

We continued to invest in all our markets and we successfully split our joint North American team into independent Canadian and US teams in Q4 2019.

The business is focused on continuing to develop a market leading product and providing our customers with tools and services that allow them to improve their book-keeping and accounting processes. Our Series C round successfully concluded on 2 January 2020 and we are well funded to continue our product development and customer growth in 2020.

#### Financial key performance indicators

	2019	2018	Change	Change
	£	£	£	%
Turnover	28,537,429	18,619,036	9,918,393	53
Operating loss	(11,799,462)	(17,494,101)	(5,694,639)	33
Gross margin	25,129,820	16,201,787	8,928,033	55

#### Principal risks and uncertainties

Receipt Bank's approach to risk management involves identifying and reviewing material risks during quarterly business planning reviews and annual budget cycles, consolidating into a group level strategic plan for consideration and approval at board level.

This section highlights some of the key risks and uncertainties which affect Receipt Bank and how they are mitigated. The Group is of course exposed to risks wider than those listed, but these are believed to be likely to have the greatest impact on our business at this moment in time.

##### *Strategic Risks*

#### **Receipt Bank's product/services differentiation relative to competition not maintained; failure to align with customer needs**

Product/service roadmaps are developed, tested and reviewed frequently for relevance; competitor marketplace activities are continually monitored and investigated; conclusions are key drivers in the Group's planning activities.

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## RECEIPT BANK LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### *Economic Risks*

##### **Downturn in key geographical markets**

Macroeconomic performance is monitored at a local office level by close contact with customers, prospects and professional bodies. The ability of Receipt Bank's products/services to support customer performance in all economic conditions (saving time and overhead) is core to our customer proposition. Geographical performance and expectations are a key driver in the Group planning process.

#### *Operational Risks*

##### **Significant cyber security breach or outage**

Cyber awareness/security is a core internal value across the Group. Internally, we have dedicated teams responsible for cyber security, all reporting to the Chief Technology Officer. Only the highest quality IT infrastructure partners are chosen to support Receipt Bank's platforms and third-party service failure is built into our process design.

##### **Recruitment and retention of key employees**

Receipt Bank has a strong internal talent acquisition and management team that is supplemented by trusted partners as required. Remuneration packages include longer term incentives aligning personal success to that of the business. Building and maintaining a positive, creative work environment is a core Group value.

#### *Regulatory Risks*

##### **Significant breach of data protection legislation**

Internal processes are designed to exceed data legislation requirements across all jurisdictions. Group-wide training protocols are in place with a dedicated Data Protection Officer and clear reporting and escalation procedures established.

#### *Financial Risks*

##### **Inability to fund the expansion of the Group**

Cash flow is closely monitored across the group and is managed centrally using short, medium and long-term forecasting. Management works closely with the Board to maintain funding availability ahead of business requirements. In light of COVID-19, management and the Board have placed additional focus on the short term cash flows and cash flow forecasts for at least 12 months from the date of signing the financial statements, in order to monitor cash flows in the current environment.

Further details of the Group's financial instruments and its policies with regard to financial risk management are given in Note 16 to the financial statements.

##### **COVID-19**

The full financial impact of COVID-19 on the Group and Company at this present time is uncertain, as noted in note 2.3 and note 28. The directors have taken actions as a consequence of the COVID-19 pandemic, including reducing the cost base and deferring discretionary expenditure until such time as the crisis is over and steady state of operation is achieved.

The directors have assessed the current and potential future impact of the COVID-19 pandemic in relation to the going concern status of the business and conclude that this basis of preparation is appropriate (see note 2.3, Going concern). Due to the timing of the outbreak, the Group has determined that these events are non-adjusting subsequent events (see note 28, Events after the reporting date).

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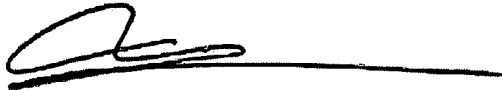
RECEIPT BANK LIMITED

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GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

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



**A P Blair**  
Director

Date: 12 June 2020

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## RECEIPT BANK LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their report and the financial statements for the year ended 31 December 2019.

#### Results and dividends

The loss for the year amounted to £12,188,285 (2018: loss £17,396,143).

No dividends were paid or proposed during the year (2018: £Nil).

#### Directors

The directors who served during the year were:

A P Blair (appointed 25 February 2019)  
J A Ewell (appointed 19 February 2019)  
M Hennessy  
C R G Mullin (appointed 17 September 2019)  
A D S Prenn  
P A Robert-Tissot  
M C Wood  
H L Zidel  
P Szurek (resigned 19 February 2019)

#### Future developments

The directors foresee no material change in the nature of the Group's activities. The Group will continue to invest in product R&D and drive further growth across all markets through sales and marketing activities.

#### Impact of COVID-19

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for indefinite periods. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

Due to the timing of the outbreak, the Group has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, nor their impact on the financial position and results of the Company for future periods.

The directors have reviewed cash flow forecasts for at least the 12 month period from the date of signing and assessed the current and potential impact of the COVID-19 pandemic, to ensure the Group can maintain its day-to-day services, fulfil its statutory obligations and meet future obligations to funders and other stakeholders.

#### Research and development activities

The Group carries out research and development activities in connection with the continued development of the core suite of automation tools to help its target customers to improve their bookkeeping and accounting processes. All costs relating to these activities are charged to the Consolidated Statement of Comprehensive Income as incurred. The charge during the year was £6.01m (2018: £4.87m).

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## RECEIPT BANK LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Employee involvement

It is the Group's policy that the selection of employees for recruitment, training, development and promotion should be determined solely on skills, abilities and other requirements that are relevant to the job, regardless of their sex, race, religion or disability.

The Group recognises the value of its employees and places importance on communications with employees which take place at many levels throughout the organisation on both a formal and informal basis. The personal development of employees is closely monitored so that appropriate training programmes can be designed with a view to assisting employees to achieve their own objectives as well as those of the Group.

#### Disabled employees

The Group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for development exist for each disabled person. Arrangements are made wherever possible for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

#### Events after the reporting date

On 2 January 2020, the Parent Company issued 3,616,244 Series C shares, following the Series C funding round, with a nominal value of £0.0001 at a subscription price of £6.864858 per share. The total subscription value was £24,825,002.

#### Share allotment

Between 16 January 2020 and 2 March 2020, the Parent Company allotted 198,123 growth shares with a nominal value of £0.0001 for £0.055 per share.

#### Bank loan operating facility

On 4 May 2020, the Parent Company's bank loan operating facility limit increased from £10m to £20m. As at 31st December 2019, £5m of the previous £10m operating facility was drawn down. The operating facility is secured by a fixed and floating charge on the Company's assets, including the undertakings of the Group as detailed in note 14. There have been no further drawdowns on the operating facility after the year end to the date of signing these financial statements. The operating facility is repayable in December 2020 and attracts an interest rate of 2.8% plus LIBOR per annum. There has been no change to the repayment, interest and security relating to the term loans disclosed within note 15 since the year end.

#### 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.

#### Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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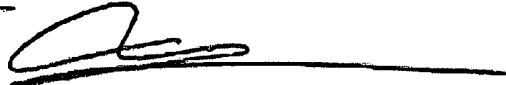
**RECEIPT BANK LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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



**A P Blair**  
Director

Date: 12 June 2020

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**RECEIPT BANK LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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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 judgements 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; and
- 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 and the Group'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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RECEIPT BANK LIMITED**

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**Opinion**

We have audited the financial statements of Receipt Bank Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the 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 Group's and of the Parent Company's affairs as at 31 December 2019 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 and Parent 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 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.

**Emphasis of matter - COVID-19**

We draw attention to Note 2.3 of the financial statements, which describes the impact of COVID-19 on the Parent Company and the Group. Our opinion is not modified in respect of this matter.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RECEIPT BANK LIMITED (CONTINUED)

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### Other information

The other information comprises the information included in the Annual Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

### Opinion 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.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or 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 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.

### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RECEIPT BANK LIMITED (CONTINUED)

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### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Nexia Smith & Williamson*

Timothy Adams (Senior Statutory Auditor)

for and on behalf of  
**Nexia Smith & Williamson**

Statutory Auditor  
Chartered Accountants

25 Moorgate  
London  
EC2R 6AY  
Date: 12 June 2020

RECEIPT BANK LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	28,537,429	18,619,036
Cost of sales		(3,407,609)	(2,417,249)
<b>Gross profit</b>		<b>25,129,820</b>	<b>16,201,787</b>
Administrative expenses		(36,929,282)	(33,695,888)
<b>Operating loss</b>	5	<b>(11,799,462)</b>	<b>(17,494,101)</b>
Interest receivable		4,765	1,380
Interest payable and similar expenses	9	(587,828)	(125,930)
<b>Loss before taxation</b>		<b>(12,382,525)</b>	<b>(17,618,651)</b>
Tax on loss	10	120,466	472,824
<b>Loss for the financial year</b>		<b>(12,262,059)</b>	<b>(17,145,827)</b>
Currency translation differences		73,774	(250,316)
<b>Total comprehensive loss for the year</b>		<b>(12,188,285)</b>	<b>(17,396,143)</b>

The notes on pages 19 to 44 form part of these financial statements.

**RECEIPT BANK LIMITED**  
**REGISTERED NUMBER: 07361080**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	11	572,542	728,011
		<u>572,542</u>	<u>728,011</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	5,522,616	4,920,704
Cash at bank and in hand		7,933,386	4,247,897
		<u>13,456,002</u>	<u>9,168,601</u>
Creditors: amounts falling due within one year	14	(14,032,368)	(6,295,601)
<b>Net current (liabilities)/assets</b>		<u>(576,366)</u>	2,873,000
<b>Total assets less current liabilities</b>		<u>(3,824)</u>	3,601,011
Creditors: amounts falling due after more than one year	15	(9,858,847)	-
<b>Provisions for liabilities</b>			
Other provisions	20	(118,056)	-
<b>Net (liabilities)/assets</b>		<u>(9,980,727)</u>	<u>3,601,011</u>
<b>Capital and reserves</b>			
Called up share capital	21	2,315	2,162
Share premium account	24	37,008,892	36,970,449
Warrants reserve	24	148,582	-
Foreign exchange reserve	24	(116,059)	(189,833)
Share-based payment reserve	24	404,377	1,985,008
Profit and loss account	24	(47,428,834)	(35,166,775)
<b>Shareholders' (deficit)/funds</b>		<u>(9,980,727)</u>	<u>3,601,011</u>

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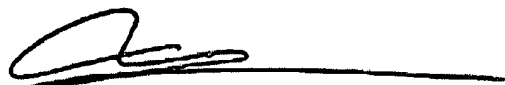
RECEIPT BANK LIMITED  
REGISTERED NUMBER:07361080

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 31 DECEMBER 2019

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



**A P Blair**  
Director

**Date:** 12 June 2020

The notes on pages 19 to 44 form part of these financial statements.

**RECEIPT BANK LIMITED**  
**REGISTERED NUMBER:07361080**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	11	289,751	379,076
Investments	12	5,530	5,530
		<u>295,281</u>	<u>384,606</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	3,642,171	3,177,439
Cash at bank and in hand		4,590,429	1,796,434
		<u>8,232,600</u>	<u>4,973,873</u>
Creditors: amounts falling due within one year	14	(11,336,029)	(4,143,897)
<b>Net current (liabilities)/assets</b>		<u>(3,103,429)</u>	829,976
<b>Total assets less current liabilities</b>		<u>(2,808,148)</u>	<u>1,214,582</u>
Creditors: amounts falling due after more than one year	15	(9,858,847)	-
<b>Provisions for liabilities</b>			
Other provisions	20	(45,795)	-
<b>Net (liabilities)/assets</b>		<u>(12,712,790)</u>	<u>1,214,582</u>
<b>Capital and reserves</b>			
Called up share capital	21	2,315	2,162
Share premium account	24	37,008,892	36,970,449
Warrants reserve	24	148,582	-
Share-based payment reserve	24	404,377	1,985,008
Profit and loss account brought forward		(37,743,037)	(15,610,503)
Loss for the year		(12,533,919)	(22,132,534)
Profit and loss account carried forward	24	<u>(50,276,956)</u>	<u>(37,743,037)</u>
<b>Shareholders' (deficit)/funds</b>		<u>(12,712,790)</u>	<u>1,214,582</u>

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**RECEIPT BANK LIMITED**  
**REGISTERED NUMBER:07361080**

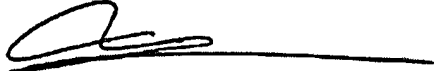
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**COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2019**

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The Parent Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual Statement of Comprehensive Income and related notes. The loss after tax of the Parent Company for the year was £12,533,919 (2018: £22,132,534).

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



**A P Blair**  
Director

**Date:** 12 June 2020

The notes on pages 19 to 44 form part of these financial statements.

RECEIPT BANK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Share premium account £	Warrants reserve £	Foreign exchange reserve £	Share-based payment reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2018</b>	1,970	27,015,834	-	60,483	953,106	(18,020,948)	10,010,445
<b>Comprehensive income for the year</b>							
Loss for the year	-	-	-	-	-	(17,145,827)	(17,145,827)
Currency translation differences	-	-	-	(250,316)	-	-	(250,316)
Shares issued during the year	192	9,954,615	-	-	-	-	9,954,807
Share-based payment charge	-	-	-	-	1,031,902	-	1,031,902
<b>At 1 January 2019</b>	2,162	36,970,449	-	(189,833)	1,985,008	(35,166,775)	3,601,011
<b>Comprehensive income for the year</b>							
Loss for the year	-	-	-	-	-	(12,262,059)	(12,262,059)
Currency translation differences	-	-	-	73,774	-	-	73,774
Shares issued during the year	153	38,443	-	-	-	-	38,596
Warrants reserve movement	-	-	148,582	-	(1,580,631)	-	(1,432,049)
<b>At 31 December 2019</b>	2,315	37,008,892	148,582	(116,059)	404,377	(47,428,834)	(9,980,727)

RECEIPT BANK LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Share premium account £	Warrants reserve £	Share-based payment reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2018</b>	1,970	27,015,834	-	953,106	(15,610,503)	12,360,407
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(22,132,534)	(22,132,534)
Shares issued during the year	192	9,954,615	-	-	-	9,954,807
Share-based payment charge	-	-	-	1,031,902	-	1,031,902
<b>At 1 January 2019</b>	2,162	36,970,449	-	1,985,008	(37,743,037)	1,214,582
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(12,533,919)	(12,533,919)
Shares issued during the year	153	38,443	-	-	-	38,596
Warrants reserve movement	-	-	148,582	(1,580,631)	-	(1,432,049)
<b>At 31 December 2019</b>	2,315	37,008,892	148,582	404,377	(50,276,956)	(12,712,790)

**RECEIPT BANK LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(12,262,059)	(17,618,651)
<b>Adjustments for:</b>		
Depreciation of tangible assets	423,454	244,456
Loss on disposal of tangible assets	1,967	41,634
Interest paid	580,399	125,930
Interest received	(4,765)	(1,380)
Taxation charge	120,466	472,824
Increase in debtors	(1,096,920)	(1,826,083)
Increase in creditors	2,522,536	3,313,697
Increase in provisions	118,056	-
Corporation tax received	495,008	-
Share-based payment (credit)/charge	(1,580,631)	1,031,902
<b>Net cash used in operating activities</b>	<b>(10,682,489)</b>	<b>(14,215,671)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(300,670)	(777,142)
Interest received	4,765	1,380
<b>Net cash used in investing activities</b>	<b>(295,905)</b>	<b>(775,762)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	38,596	9,954,807
New secured loans	14,858,847	-
Repayment of loans	-	(393,939)
Interest paid	(580,399)	(125,930)
<b>Net cash generated from financing activities</b>	<b>14,317,044</b>	<b>9,434,938</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,338,650</b>	<b>(5,556,495)</b>
Cash and cash equivalents at the beginning of the year	4,247,897	10,066,359
Foreign exchange gains and losses	346,839	(261,967)
<b>Cash and cash equivalents at the end of the year</b>	<b>7,933,386</b>	<b>4,247,897</b>
<b>Cash and cash equivalents at the end of the year comprise:</b>		
Cash at bank and in hand	7,933,386	4,247,897

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## RECEIPT BANK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. General information

Receipt Bank Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 07361080). The address of the registered office is 99 Clifton Street, London, EC2A 4LG.

#### 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

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

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No Statement of Cash Flows has been presented for the Parent Company; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The Group financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company (its subsidiaries) prepared to 31 December each year. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

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## RECEIPT BANK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.3 Going concern

The Group has net current liabilities of £576,366 (2018: net current assets of £2,873,000).

The forecasts prepared by management include cash raised from the Series C fund raise on the 2 January 2020 of £24.8m and the repayment of the operating facility of £5m in December 2020.

At the time of approving the financial statements, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The directors have reviewed cashflow forecasts for at least 12 months from the date of signing the financial statements and addressed the current and potential impact of the COVID-19 pandemic to ensure the Group can maintain its day-to-day services, fulfil its statutory obligations and meet future obligations to funders and other stakeholders.

The impact and duration of COVID-19 is uncertain and therefore the directors have modelled a range of scenarios and implemented a variety of different measures to reduce the Group's cost base given the current macroeconomic environment. The directors have modelled a worst-case scenario, taken to be where the Group receives no revenue for the next 12 months, with the immediate repayment of loans of £15m, currently included within current liabilities and non-current liabilities. The Group would have sufficient cash reserves to meet all of its outstanding liabilities and obligations, including the bank loans, as they fall due for a period of no less than 12 months from the date of the approval of these financial statements. The directors will ensure these costs remain at prudent levels, until the situation is resolved, to allow the Group and Company to continue as a going concern for the foreseeable future. Consequently, the directors have prepared these financial statements on a going concern basis.

The directors' forecast reflects an objective assessment of the impact of COVID-19, with a number of actions taken as a consequence, including reducing the cost base and deferring discretionary expenditure, until such time as the crisis is over and steady state of operation is achieved.

In addition, the directors have considered the financial covenant requirements under the Group's borrowing arrangements, in light of COVID-19, and have assessed their ability to comply with the financial covenants. Compliance with covenants is sensitive to the future results of the business and the timing of cash flows, however, the directors expect that compliance will be maintained taking into account existing waivers issued by the loan providers.

The directors believe the Group will continue to be a going concern.

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## RECEIPT BANK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.4 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'interest receivable'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'administrative expenses'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

##### 2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### Rendering of services (licence revenue)

Revenue from a contract to provide services under licence agreements is recognised in the period in which the services are provided in accordance with the contracted licence term when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the licence term (as stipulated by the contract) at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Where payments are received from customers in advance of the services being provided, these payments are accounted for as deferred income and included within creditors due within one year.

##### 2.6 Research and development

Research and development expenditure is written off as incurred.

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**RECEIPT BANK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.7 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

**2.8 Interest income**

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

**2.9 Finance costs**

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.10 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	-	25%
Computer equipment	-	50%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

**2.11 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

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## RECEIPT BANK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.12 Pensions

###### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

##### 2.13 Employee benefits

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the Consolidated Statement of Financial Position.

##### 2.14 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.

In the Consolidated Statement of Cash Flow, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### 2.15 Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

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## RECEIPT BANK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.16 Share-based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the Consolidated Statement of Comprehensive Income.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non-market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in profit or loss, with a corresponding adjustment to equity. Fair value is measured by the use of a Black-Scholes model.

The expected useful life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise constrictions, and behavioural constraints.

When share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Where share options are granted to employees of subsidiaries, the total expense is recognised by the Company, in accordance with the above policy.

##### 2.17 Warrants

Warrants issued with common shares are measured at fair value at the date of issue using the Black-Scholes pricing model, which incorporates certain input assumptions including the warrant price, risk-free interest rate, expected warrant life and expected share price volatility. The fair value is included as a component of equity and is transferred from warrants to common shares on exercise.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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2. Accounting policies (continued)

**2.18 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.19 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 Statement of Comprehensive Income 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.

**2.20 Contingent liabilities**

Contingent liabilities are possible obligations depending on the outcome of uncertain future events, or present obligations where outflows of resources are not certain or cannot be measured reliably.

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## RECEIPT BANK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

In the application of the Group'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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Judgements**

##### *Financial instruments classification*

The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

##### *Recoverability of intercompany receivables*

The recoverability of intercompany balances requires judgement as to whether the future profitability of subsidiary entities will generate sufficient capital to repay intercompany debts. Due to the continued strategic expansion of the Group, the directors have concluded that there are potential limitations on the ability of the subsidiaries to repay intercompany balances in the immediate future. At 31 December 2019, the intercompany receivable balance in the Parent Company is £Nil (2018: £Nil) after impairment, the aggregate impairment in the Parent Company is £6,376,874 (2018: £5,382,649). Amounts due from subsidiaries that are loss making or in a net liability position have been provided for in full on the basis that they may not be able to repay intercompany balances in the immediate future. There is no impact on the Consolidated Statement of Comprehensive Income or the Consolidated Statement of Financial Position.

#### **Key sources of estimation uncertainty**

##### *Bad debt provisions*

The trade debtors balance of £1,548,148 (2018: £2,060,915) recorded in the Consolidated Statement of Financial Position comprises a number of small balances. A full line by line review of trade debtors is carried out at the end of each month and the provision for bad debt is recognised as required. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

##### *Share-based payments*

Estimates have been made to value the equity settled share-based payments recognised through the issuance of share options during the period. The key assumptions used centre on the share price volatility associated with the Company's share price and the timing of a qualifying 'exit event' of the Company as options then become exercisable.

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RECEIPT BANK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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4. Turnover

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

	2019 £	2018 £
Software subscription revenue	<u>28,537,429</u>	<u>18,619,036</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	12,705,759	7,710,465
Rest of Europe	1,287,350	534,093
Rest of the world	14,544,320	10,374,478
	<u>28,537,429</u>	<u>18,619,036</u>

5. Operating loss

The operating loss is stated after charging/(crediting):

	2019 £	2018 £
Research & development charged as an expense	6,010,370	4,872,489
Exchange differences	314,868	(11,651)
Depreciation on tangible fixed assets	423,454	244,456
Operating lease costs	1,880,945	1,363,780
Impairment of debtors	186,498	166,608
	<u>                    </u>	<u>                    </u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>58,200</u>	<u>42,575</u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
All other services	<u>7,300</u>	<u>6,925</u>

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RECEIPT BANK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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7. Employees

Staff costs, including directors' remuneration, were as follows:

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Wages and salaries	<b>19,800,354</b>	<i>14,533,861</i>	<b>9,427,038</b>	<i>7,179,981</i>
Social security costs	<b>2,159,915</b>	<i>1,452,803</i>	<b>1,142,296</b>	<i>814,450</i>
Compensation for loss of office as director	<b>192,699</b>	<i>50,000</i>	<b>192,699</b>	<i>50,000</i>
Cost of defined contribution scheme	<b>502,239</b>	<i>305,622</i>	<b>139,895</b>	<i>59,501</i>
	<b><u>22,655,207</u></b>	<i><u>16,342,286</u></i>	<b><u>10,901,928</u></b>	<i><u>8,103,932</u></i>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>Group 2019 No.</b>	<i>Group 2018 No.</i>	<b>Company 2019 No.</b>	<i>Company 2018 No.</i>
Product Development	<b>162</b>	<i>144</i>	<b>36</b>	<i>27</i>
Sales and Marketing	<b>137</b>	<i>138</i>	<b>56</b>	<i>40</i>
General Administration	<b>87</b>	<i>36</i>	<b>67</b>	<i>49</i>
	<b><u>386</u></b>	<i><u>318</u></i>	<b><u>159</u></b>	<i><u>116</u></i>

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**RECEIPT BANK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**8. Directors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>412,974</b>	492,370
Company contributions to defined contribution pension schemes	<b>1,992</b>	703
Compensation for loss of office	<b>192,699</b>	50,000
	<b>607,665</b>	543,073

During the year retirement benefits were accruing to 3 directors (2018: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £276,404 (2018: £270,600).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £500 (2018: £703).

The total accrued pension provision of the highest paid director at 31 December 2019 amounted to £47 (2018: £67).

During the year, Nil directors (2018: Nil) exercised share options.

The highest paid director exercised Nil (2018: Nil) share options during the year.

During the year, 910,065 (2018: Nil) growth shares were issued to 3 directors (2018: Nil).

**9. Interest payable and similar expenses**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank and other interest payable	<b>359,207</b>	41,153
Bank charges	<b>228,621</b>	84,777
	<b>587,828</b>	125,930

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RECEIPT BANK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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10. Taxation

	2019 £	2018 £
R&D tax credits received	-	(629,459)
Adjustments in respect of previous periods	(247,687)	20,590
Tax charge for the year	151,625	136,045
<b>Total current tax credit</b>	<b>(96,062)</b>	<b>(472,824)</b>
<b>Deferred tax</b>		
Trading losses	(24,404)	-
<b>Taxation on loss on ordinary activities</b>	<b>(120,466)</b>	<b>(472,824)</b>

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RECEIPT BANK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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10. Taxation (continued)

**Factors affecting tax credit for the year**

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	<b>(12,382,525)</b>	<b>(17,618,651)</b>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	<b>(2,352,680)</b>	<b>(3,347,544)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>(38,996)</b>	120,515
Capital allowances for year in excess of depreciation	<b>36,195</b>	(5,746)
Utilisation of tax losses	<b>(89,846)</b>	(48,705)
Higher rate taxes on overseas earnings	<b>41,771</b>	(5,913)
Adjustments to tax charge in respect of prior periods	<b>(247,687)</b>	20,590
Other timing differences leading to an increase in taxation	-	29,659
Adjustment in research and development tax credit leading to a decrease in the tax charge	-	(629,459)
Deferred tax credit	<b>(24,404)</b>	-
Unrelieved tax losses carried forward	<b>2,474,293</b>	3,405,900
Other differences leading to an increase/(decrease) in the tax charge	<b>80,888</b>	(12,121)
<b>Total tax credit for the year</b>	<b>(120,466)</b>	<b>(472,824)</b>

A research and development ("R&D") tax credit asset has not been recognised in relation to the year ended 31 December 2019 as the appropriate report with which to support this R&D tax credit claim has not been finalised and therefore the amount of this claim cannot be reliably estimated.

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

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RECEIPT BANK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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11. Tangible fixed assets

Group

	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2019	434,254	798,383	1,232,637
Additions	121,708	178,962	300,670
Disposals	-	(13,480)	(13,480)
Exchange adjustments	(5,138)	(25,580)	(30,718)
At 31 December 2019	<u>550,824</u>	<u>938,285</u>	<u>1,489,109</u>
<b>Depreciation</b>			
At 1 January 2019	109,774	394,852	504,626
Charge for the year	112,235	311,219	423,454
Disposals	-	(11,513)	(11,513)
At 31 December 2019	<u>222,009</u>	<u>694,558</u>	<u>916,567</u>
<b>Net book value</b>			
At 31 December 2019	<u>328,815</u>	<u>243,727</u>	<u>572,542</u>
At 31 December 2018	<u>324,480</u>	<u>403,531</u>	<u>728,011</u>

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RECEIPT BANK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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11. Tangible fixed assets (continued)

Company

	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2019	299,871	293,613	593,484
Additions	54,727	56,908	111,635
Disposals	-	(4,531)	(4,531)
At 31 December 2019	<u>354,598</u>	<u>345,990</u>	<u>700,588</u>
<b>Depreciation</b>			
At 1 January 2019	67,490	146,918	214,408
Charge for the year	79,063	121,897	200,960
Disposals	-	(4,531)	(4,531)
At 31 December 2019	<u>146,553</u>	<u>264,284</u>	<u>410,837</u>
<b>Net book value</b>			
At 31 December 2019	<u>208,045</u>	<u>81,706</u>	<u>289,751</u>
At 31 December 2018	<u>232,381</u>	<u>146,695</u>	<u>379,076</u>

**RECEIPT BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**12. Fixed asset investments**

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2019	5,530
At 31 December 2019	5,530
<b>Net book value</b>	
At 31 December 2019	5,530
<i>At 31 December 2018</i>	5,530

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Receipt Bank Inc	8th Floor, 1805 7th St. NW, Washington DC 20001, United States of America	Ordinary	100%
Receipt Bank Australia Pty Limited	Level 8, 20 Bond Street, Sydney, NSW 2000, Australia	Ordinary	100%
RB Sofia EOOD	Asparoukh Street No 7 fl. 4, Triadista District, c. 1464 Sofia, Bulgaria	Ordinary	100%
1Tap App Limited	99 Clifton Street, London, EC2A 4LG, United Kingdom	Ordinary	100%
Receipt Bank France SARL	41, Rue Camille Desmoulins, Issy-les- Moulineaux, France	Ordinary	100%
Receipt Bank SA Pty Limited	11th Floor, Touchstone House, 7 Bree Street, Cape Town, South Africa	Ordinary	100%
RBK Software Limited	400-725 Granville Street, Vancouver, BC V7Y 1G5, Canada	Ordinary	100%

The principal activity for all subsidiaries is that of bookkeeping and accounting software services.

**RECEIPT BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**12. Fixed asset investments (continued)**

**Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Receipt Bank Inc	(110,925)	207,480
Receipt Bank Australia Pty Limited	(179,974)	34,838
RB Sofia EOOD	584,715	(53,727)
1Tap App Limited	(2,745,282)	330,324
Receipt Bank France SARL	49,422	9,402
Receipt Bank SA Pty Limited	34,805	18,581
RBK Software Limited	-	-

**13. Debtors: Amounts falling due within one year**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	1,548,148	2,060,915	299,402	901,132
Other debtors	442,158	333,490	261,782	150,752
Prepayments and accrued income	2,555,310	1,309,710	2,309,723	1,041,230
Tax recoverable	952,596	1,216,589	771,264	1,084,325
Deferred taxation	24,404	-	-	-
	<u>5,522,616</u>	<u>4,920,704</u>	<u>3,642,171</u>	<u>3,177,439</u>

Amounts owed to the Parent Company of £6,376,874 (2018: £5,382,649) have been impaired in full, with £Nil (2018: £Nil) balances being shown as amounts owed to group undertakings as at 31 December 2019, as noted within note 3. The amounts owed to the Parent Company, are interest free, unsecured and repayable on demand.

**RECEIPT BANK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**14. Creditors: Amounts falling due within one year**

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Bank loans - operating facility	5,000,000	-	5,000,000	-
Trade creditors	4,126,396	2,038,823	2,686,136	1,700,610
Amounts owed to group undertakings	-	-	1,096,692	464,155
Corporation tax	208,200	106,121	-	-
Other taxation and social security	1,316,019	1,173,063	454,921	365,496
Other creditors	363,083	118,677	117,778	12,583
Accruals and deferred income	3,018,670	2,858,917	1,980,502	1,601,053
	<u>14,032,368</u>	<u>6,295,601</u>	<u>11,336,029</u>	<u>4,143,897</u>

The operating facility of £5m is repayable in December 2020 and attracts an interest rate of 2.8% plus LIBOR per annum and is secured by a fixed and floating charge on the Company's assets, including the undertakings of the Group.

**15. Creditors: Amounts falling due after more than one year**

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Bank loans - term loans	9,858,847	-	9,858,847	-

Term loans A & B, both for £5m and attract an interest rate of 4.5% plus LIBOR per annum, are repayable December 2023 and September 2024 respectively and are secured by a fixed and floating charge on the Company's assets, including the undertakings of the Group.

On 21 December 2018, £250,000 warrants were issued and on 24 September 2019 a further £250,000 warrants were issued to the loan holders in respect of the £10m term loans, with the right to subscribe for ordinary shares until 21 December 2023 and 24 September 2024 respectively at 75% of the price paid on the earlier of the qualifying event or on IPO. There are no other warrants as at 31 December 2019.

A charge of £148,582 has been recognised in relation to the warrants which has been treated as debt issuance costs and is amortised over the term of the life of the associated loan.

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RECEIPT BANK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**16. Financial instruments**

The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk, and foreign currency exchange rate risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the directors are implemented by the Group's finance department.

*Credit risk*

The Group's credit risk is primarily attributable to its trade debtors. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The Group's credit control function actively manages credit risk exposure at the counterparty level, reporting to management on at least a monthly basis.

The carrying amount of financial assets represents the maximum credit exposure.

*Liquidity risk*

The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure it has sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

*Interest rate risk*

The Group has both interest bearing assets and interest-bearing liabilities. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate. The Group has a policy of maintaining debt at fixed rates where possible to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Details of the terms of the Group's borrowings are disclosed in Note 17.

*Foreign currency exchange rate risk*

The Group is exposed to foreign currency exchange rate risk as a result of trade debtors and trade creditors which will be settled in foreign currencies. The Group does not hedge any of its trading activities.

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RECEIPT BANK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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17. Loans

The operating facility of £5m is repayable in December 2020, attracts an interest rate of 2.8% plus LIBOR per annum and is secured by a fixed and floating charge on the Company's assets, including the undertakings of the Group.

Term loans A & B, each of which are for £5m, attract an interest rate of 4.5% plus LIBOR per annum and are repayable in December 2023 and September 2024 respectively.

	<b>Group 2019</b>	<i>Group 2018</i>	<b>Company 2019</b>	<i>Company 2018</i>
	£	£	£	£
<b>Amounts falling due within one year</b>				
Bank loans - operating facility	5,000,000	-	5,000,000	-
<b>Amounts falling due 2-5 years</b>				
Bank loans - term loans	9,858,847	-	9,858,847	-
	<u>14,858,847</u>	<u>-</u>	<u>14,858,847</u>	<u>-</u>

18. Contingent liabilities

The Parent Company and its wholly owned subsidiaries, 1Tap App Limited, Receipt Bank Inc and Receipt Bank Australia Pty Limited, have provided guarantee of amounts due to the Parent Company's bankers, Canadian Imperial Bank of Commerce, secured by a fixed and floating charge on the Company's assets, including the undertakings of the Group. Amounts outstanding at 31 December 2019 are disclosed within notes 14, 15 and 17.

The Parent Company has a contingent liability of £1,063,515 as at 31 December 2019, in relation to a letter of credit provided by Canadian Imperial Bank of Commerce to Silicon Valley Bank, who in turn has a letter of credit in place to the Group's landlord.

As at 31 December 2019, a lawsuit had commenced against the Group relating to an employment dispute in the US. Legal discussions have continued into 2020 and the outcome remains uncertain. The Group continues to robustly defend its conduct in written and oral representations and maintains that there is no case to answer. The amount and timing of the award cannot be reasonably estimated as legal depositions continue, pending a potential court case and resulting judgements. The Group's best estimate of this liability is \$440K.

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RECEIPT BANK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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19. Deferred taxation

Group

2019  
£

Charged to profit or loss

24,404

At end of year

24,404

The deferred tax asset is made up as follows:

Group  
2019  
£

Tax losses carried forward

24,404

20. Other provisions

Group

Dilapidation  
provision  
£

Charged to profit or loss

118,056

At 31 December 2019

118,056

Company

Dilapidation  
provision  
£

Charged to profit or loss

45,795

At 31 December 2019

45,795

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RECEIPT BANK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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21. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
13,931,794 (2018: 13,493,893) Ordinary shares of £0.0001 each	1,393	1,350
3,998,900 (2018: 3,998,900) A shares of £0.0001 each	400	400
3,840,972 (2018: 3,840,972) B shares of £0.0001 each	384	384
1,268,376 (2018: 283,986) Growth shares of £0.0001 each	127	28
112,112 (2018: Nil) Deferred shares of £0.0001 each	11	-
	<hr/>	<hr/>
	2,315	2,162
	<hr/>	<hr/>

During the year, the Company allotted 437,901 Ordinary shares with an aggregate nominal value of £43.7901. The total consideration received was £4,379.01.

During the year, the Company allotted 984,390 Growth shares with an aggregate nominal value of £98.439. The total consideration received was £43,734.61.

During the year, the Company redesignated 112,112 Growth shares as Deferred shares with an aggregate nominal value of £11.2112. The total consideration received was £Nil.

**Rights, preferences and restrictions**

The Ordinary, Series A and Series B shares confer on each holder the right to attend general meetings and vote on proposed resolutions. Ordinary shareholders participate *pari passu* in dividends declared by the Company.

On exit, liquidation or return of capital any surplus will be paid out first to Series B shareholders, and second to the Series A shareholders until they have received an amount equal to the subscription price and thereafter any remaining assets will be paid *pro rata* to the Ordinary and Series A shareholders.

Growth shares have no voting rights or dividend rights attached to them. Growth shares have no specific rights of redemption.

On a capital distribution, Growth shareholders are entitled to receive 0.1% of any distribution due to the holders of Ordinary shares, prior to each holder of Series A and Ordinary shares receiving an amount per share equal to 99.9% of the hurdle amount. Thereafter, Growth shareholders participate *pari passu* with the holders of Series A and Ordinary shares.

Deferred shares have no voting right or dividend rights attached to them.

On a capital distribution, Deferred shareholders are entitled to receive £0.01 in aggregate for the entire class held by that holder, prior to each holder of any other class of share then in issue. Any deferred shares may be redeemed by the Company at any time at its option of £0.01 for Deferred shares held by any holder without obtaining the sanction of the holder.

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RECEIPT BANK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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22. Share options

Employee share options

The Parent Company has a share option scheme for certain employees (including directors). Where share options are issued to employees of subsidiaries, the share option charge relating to these employees is recognised entirely by the Parent Company.

Share options are exercisable at a price determined through each individual option agreement. Options have varying vesting terms, with the majority expiring after 10 years and becoming exercisable upon the sale or listing of the Parent Company.

Details of the number of share options and the weighted average exercise price outstanding during the period are as follows:

	2019	Weighted average exercise price £	2018	Weighted average exercise price £
Outstanding at beginning of period	1,633,664	0.55	1,881,113	0.37
Granted during the period	5,740	3.16	288,594	0.71
Exercised in the period	(231,157)	0.01	-	-
Expired during the period	(54,132)	0.01	(536,043)	0.01
	<u>1,354,115</u>	<u>0.66</u>	<u>1,633,664</u>	<u>0.55</u>

The Parent Company recognised a total credit of £1,580,631 (2018: £1,031,902 charge) in relation to equity settled share-based payment transactions during the year, resulting in a decrease in the share-based payment reserve to £404,377 (2018: £1,985,008 increase). Fair values were calculated using the Black-Scholes method.

Warrants

On 21 December 2018, £250,000 warrants were issued and on 24 September 2019 a further £250,000 warrants were issued to the loan holders, with the right to subscribe for ordinary shares until December 2023 and 24 September 2024 respectively at 75% of the price paid on the earlier of the qualifying event or an IPO. There are no other outstanding warrants at 31 December 2019. The warrant reserve reflects the fair value of the warrants issued. The warrants are treated as debt issuance costs and are being amortised over the life of the associated loan.

The Parent Company recognised a total charge of £148,582 (2018: £Nil) in relation to equity settled warrants during the year, results in an increase in the warrants reserve of £148,582 (2018: £Nil). Fair values were calculated using the Black-Scholes method.

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**RECEIPT BANK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**23. Analysis of net debt**

	At 1 January 2019 £	Cash flows £	Other non- cash changes £	At 31 December 2019 £
Cash at bank and in hand	4,247,897	3,812,214	(126,725)	7,933,386
Debt due after 1 year	-	(10,000,000)	-	(10,000,000)
Debt due within 1 year	-	(5,000,000)	-	(5,000,000)
Unamortised debt fees	-	-	141,153	141,153

Unamortised debt fees are costs associated with the £148,582 of warrants issued to lenders in 2019 in respect of the £10m term loans detailed in note 15. These warrants were treated as debt issuance costs and are being amortised over the life of the associated loan.

**24. Reserves****Share premium account**

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

**Warrants reserve**

On 21 December 2018, £250,000 warrants were issued and on 24 September 2019 a further £250,000 warrants were issued to the loan holders, with the right to subscribe for ordinary shares until 21 December 2023 and 24 September 2024 respectively at 75% of the price paid on the earlier of the qualifying event or on IPO. There are no other outstanding warrants at 31 December 2019. The warrant reserve reflects the fair value of the warrants issued and was measured using the Black Scholes model. The warrants are treated as debt issuance costs and are being amortised over the life of the associated loan.

**Deferred shares**

At the option of the Company, the deferred shares may be redeemed and cancelled by the Company without the consent of the holder. The deferred shares do not confer any rights to the holder.

**Foreign exchange reserve**

The foreign exchange reserve represents the cumulative movements in foreign exchange.

**Profit and loss account**

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

**Share-based payment reserve**

This reserve relates to the fair value of the options granted which has been charged to profit or loss over the vesting period of the options.

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RECEIPT BANK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**25. Pension commitments**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £502,239 (2018: £305,622). Contributions totalling £129,390 (2018: £105,595) were payable to the fund at the reporting date and are included in other creditors.

**26. Commitments under operating leases**

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Not later than 1 year	<b>1,526,155</b>	1,610,344	<b>738,552</b>	738,552
Later than 1 year and not later than 5 years	<b>2,982,526</b>	4,290,306	<b>93,078</b>	831,629
Later than 5 years	-	39,067	-	-
	<b>4,508,681</b>	5,939,717	<b>831,630</b>	1,570,181

**27. Related party transactions**

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

**Transactions with key management personnel:**

Key management personnel are considered to be the directors of the Parent Company. Total transactions with key management personnel for the year were £605,673 (2018: £542,370).

**Transactions with directors**

During the year, a director invoiced the Company £24,000 (2018: £Nil) in respect of consultancy services. At year end, there was £12,000 (2018: £Nil) outstanding in creditors.

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## RECEIPT BANK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 28. Events after the reporting date

On 2 January 2020, the Parent Company issued 3,616,244 Series C shares, following the Series C funding round, with a nominal value of £0.0001 at a subscription price of £6.864858 per share. The total subscription value was £24,825,002.

##### **Share allotment**

Between 16 January 2020 and 2 March 2020, the Parent Company allotted 198,123 growth shares with a nominal value of £0.0001 for £0.055 per share.

##### **Bank loan operating facility**

On 4 May 2020, the Parent Company's bank loan operating facility limit increased from £10m to £20m. As at 31st December 2019, £5m of the previous £10m operating facility was drawn down. The operating facility is secured by a fixed and floating charge on the Company's assets, including the undertakings of the Group as detailed in note 14. There have been no further drawdowns on the operating facility after the year end to the date of signing these financial statements. The operating facility is repayable in December 2020 and attracts an interest rate of 2.8% plus LIBOR per annum. There has been no change to the repayment, interest and security relating to the term loans disclosed within note 15 since the year end.

##### **Impact of COVID-19**

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for indefinite periods. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

Due to the timing of the outbreak, the Group has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, nor their impact on the financial position and results of the Company for future periods.

The directors have reviewed cash flow forecasts for at least the 12 month period from the date of signing and assessed the current and potential impact of the COVID-19 pandemic, to ensure the Group can maintain its day-to-day services, fulfil its statutory obligations and meet future obligations to funders and other stakeholders.

#### 29. Controlling party

The directors consider the Company to have no ultimate controlling party.