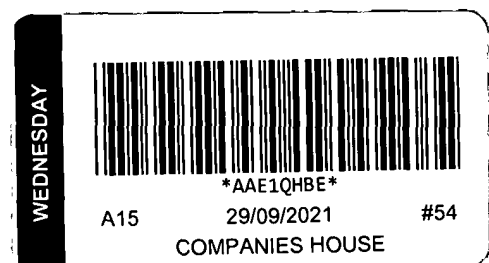


**Registered number: 10051136**

**Reward Cloud Limited**

**Annual Report and Financial Statements**

**For the Period Ended 31 December 2020**



**Reward Cloud Limited**

**Company Information**

**Directors**

R S Dighero  
G E Gillatt  
A Preece

**Registered number**

10051136

**Registered office**

Unit 14  
Hove Business Centre  
Fonthill Road  
Hove  
BN3 6HA

**Independent auditor**

Kreston Reeves LLP  
Chartered Accountants & Statutory Auditor  
A2 Yeoman Gate  
Yeoman Way  
Worthing  
West Sussex  
BN13 3QZ

**Bankers**

HSBC Bank PLC  
125 Church Road  
Hove  
East Sussex  
BN3 2AN

**Solicitors**

Taylor Vinters LLP  
Tower 42  
33rd Floor  
25 Old Broad Street  
London  
EC2N 1HQ

# **Reward Cloud Limited**

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# Reward Cloud Limited

## Strategic Report For the Period Ended 31 December 2020

The Directors present their Strategic Report for the period ended 31 December 2020.

### Introduction

Reward Cloud Ltd trading as Tillo ("Tillo") is the rewards, incentives and gifting management platform. Tillo connects the world's most popular retailers to businesses looking for exciting new ways to reach employees, customers and new global audiences. Tillo unlocks a world of new opportunity through one market leading, award-winning API platform. Tillo operates in 16 currencies and in 29 markets worldwide.

### Business review

The Company achieved its aim of growing its market share by growing its retail value of gifts sold to £318.8m in the six-month period ended 31 December 2020 (15 month period ended 30 June 2020: £340.7m) which resulted in revenue of £24.2m. The company achieved a gross profit of £2.9m and an operating profit of £1.5m. In the whole calendar year 2020 the company achieved £0.5bn of retail value sold through the Tillo platform for the first time.

These results were against the continuing uncertainty of Covid-19. Before the pandemic the business grew year on year since inception in 2016 and had strategically positioned itself in the growing digital rewards and incentives market as well as the growing B2B gifting segment.

The changing spending habits of consumers through Covid-19 has accelerated online spending in digital gifting and specifically in employee benefits. The Company's positioning has allowed Tillo to grow, challenge and innovate in the gift card and gifting industry in line with the wider consumer trends.

The Company transacted a significant proportion of the Government's Free School Meals ("FSM") initiatives which ran from April 2020 through the period and also into 2021. The Governments suppliers predominantly use the Tillo platform to obtain the supermarket FSM vouchers from the retailers before issuing to parents. It is a project which the company rolled out on short notice and ensured the maximum choice of retailers were able to join the programme. In the Company's short history this is remarkable achievement to our team and technology.

The company also embarked on its technology excellence programme and set out to obtain the ISO27001 accreditation which it achieved after the period end in June 2021.

The Company's employees grew to 32 at the end of the period (30 June 2020: 23) and our growth is testament to the hard work of the talented Tillo team.

## Reward Cloud Limited

### Strategic Report (continued) For the Period Ended 31 December 2020

#### Principal risks and uncertainties

The Group faces risks and uncertainties in the ordinary course of its business, the most significant of which have been outlined in the table below together with the Group's mitigation strategies.

<b>Risk</b>	<b>Mitigation</b>
<b>Liquidity risk:</b>	
The inability of the company to service its debts and operations.	<p>The Company manages its cash flow to safeguard its ability to operate as a going concern.</p> <p>The Company ensures that all float balances from customers are held separately from Company cash flow.</p> <p>The Company prepares regular forecasting to ensure liquidity exists to support its operations and future plans.</p>
<b>Credit risk:</b>	
A significant customer or number of customers default on payments.	<p>The Company operates an automated float system where customers place money on account and have to have cleared funds in this account before purchasing gifts. This removes the risk of orders being placed which cannot be paid for with a supplier.</p> <p>The Company continually reviews its credit terms for SaaS fees and transactional fees including monitoring debt ageing and collection history.</p>
<b>Currency risk:</b>	
A material change in the exchange rates which affect the revenue and profitability of the Company.	The Company naturally hedges its currency operations allowing sales and purchases of gifts in a matched currency.

Risk	Mitigation
<b>Changes in the macroeconomic environment:</b>	
A downturn in the countries which Tillo operates particularly in the retail sector could have an adverse	The Board and Management team regularly review the environment in which the Company operates.
	The current macroenvironment trends for the gift card market is growing in B2B, employee and digital rewards and gifting.
	The Company's market positioning in these growing market segments together with Tillo's diversified and connected retailer supply base and growing customer portfolio enable the business to be flexible to market conditions.
	The Company has continued to grow in revenue and profitability since the start of Covid-19 and post Brexit and has sufficient levels of cash reserves and flexibility within the business.
<b>Business interruption:</b>	
An event such as a cyber attack or natural disaster could interrupt the businesses operations and cause reputational damage to the Company.	Employees are made aware of the different types and threats of a cyber attack and training is regularly provided.
	The Company holds the Cyber Essentials+ accreditation. After the year end the Company was awarded ISO27001 and our policies are continually reviewed to the highest standard including a business continuity plan.

**Reward Cloud Limited**

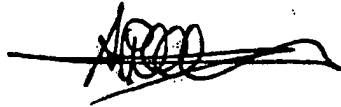
**Strategic Report (continued)  
For the Period Ended 31 December 2020**

**Financial key performance indicators**

The Company achieved its aim of significant market growth in the period across all of its key performance indicators ("KPIs"). The company sustained and grew its profitability, maintained a robust balance sheet and continued with strategic investments in the business.

	<b>6 months ended 31 December 2020</b>	<b>15 months ended 30 June 2020</b>
	<b>£</b>	<b>£</b>
Total retail value of gifts sold	<b>318.8m</b>	<b>340.7m</b>
Total gifts sold	<b>10.5m</b>	<b>12.2m</b>
Revenue	<b>24.2m</b>	<b>35.0m</b>
Gross profit	<b>2.9m</b>	<b>4.0m</b>
Operating profit	<b>1.5m</b>	<b>1.3m</b>

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



.....  
**A Preece**

Director

Date: 24/9/2021

## **Reward Cloud Limited**

### **Directors' Report For the Period Ended 31 December 2020**

The directors present their report and the financial statements for the period ended 31 December 2020.

#### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial 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 of the profit or loss of the Company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Principal activity**

The principal activity of the Company is the sale of digital rewards and incentives through its technology management platform.

#### **Results and dividends**

The profit for the period, after taxation, amounted to £1,214,053 (30 June 2020 - £1,081,849).

No dividends were paid or proposed during the period (30 June 2020 - £nil).

#### **Directors**

The directors who served during the period were:

R S Dighero  
G E Gillatt  
A Preece

#### **Future developments**

The directors continually look to develop and invest in our people and technology. The strategic focus for the business for 2021 is:

- development of our team with strategic and operational hiring in line with the Company growth
- launching new products and expanding retailer gifts through our platform
- expanding our existing and international markets

**Reward Cloud Limited**

**Directors' Report (continued)  
For the Period Ended 31 December 2020**

**Matters covered in the strategic report**

The Company is required to disclose an accurate reflection of the financial risk management objectives and policies in its Directors' Report. This has instead been included in the Strategic Report in line with the Companies Act 2006.

**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'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's auditor is aware of that information.

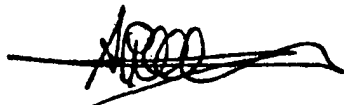
**Post balance sheet events**

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

**Auditor**

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

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



.....  
**A Preece**

Director

Date: 24/9/2021

## **Reward Cloud Limited**

### **Independent Auditor's Report to the Members of Reward Cloud Limited**

#### **Opinion**

I have audited the financial statements of Reward Cloud Limited (the 'Company') for the period ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the 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 my opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the period 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**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Other matter**

The financial statements of the Company for the period ending 30 June 2020 were not audited.

#### **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Reward Cloud Limited**

### **Independent Auditor's Report to the Members of Reward Cloud Limited (continued)**

#### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and my Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

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

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Independent Auditor's Report to the Members of Reward Cloud Limited (continued)**

**Auditor's responsibilities for the audit of the financial statements**

My 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 my 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which my procedures are capable of detecting irregularities, including fraud is detailed below:

*Capability of the audit in detecting irregularities, including fraud*

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and
- Conducting interviews with appropriate personnel to gain further insight into the control systems implemented, and the risk of irregularity; and
- Testing of internal controls procedures relating to expenditure potentially more susceptible to fraud and other irregularities including cash, payroll and credit card expenditure; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that

Independent Auditor's Report to the Members of Reward Cloud Limited (continued)

- are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
  - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Use of my report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. My audit work has been undertaken so that I might state to the Company's members those matters I am required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for my audit work, for this report, or for the opinions I have formed.



Simon Webber BA FCA DChA (Senior statutory auditor)  
for and on behalf of  
**Kreston Reeves LLP**  
Chartered Accountants  
Statutory Auditor  
Worthing

Date: 27<sup>th</sup> September 2021

## Reward Cloud Limited

### Statement of Comprehensive Income For the Period Ended 31 December 2020

	6 months ended 31 December 2020 £	15 months ended 30 June 2020 £
Turnover	24,223,140	35,014,797
Cost of sales	(21,295,165)	(30,994,346)
<b>Gross profit</b>	<b>2,927,975</b>	<b>4,020,451</b>
Administrative expenses	(1,428,411)	(2,699,631)
<b>Operating profit</b>	<b>1,499,564</b>	<b>1,320,820</b>
Interest receivable and similar income	220	4,686
Interest payable and similar expenses	(39,631)	(96,011)
<b>Profit before tax</b>	<b>1,460,153</b>	<b>1,229,495</b>
Tax on profit	(246,100)	(147,646)
<b>Profit for the financial period</b>	<b>1,214,053</b>	<b>1,081,849</b>

There was no other comprehensive income in either period.

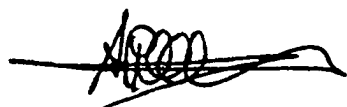
The notes on pages 16 to 31 form part of these financial statements.

**Reward Cloud Limited**  
**Registered number: 10051136**

**Balance Sheet**  
**As at 31 December 2020**

	Note	31 December 2020 £	30 June 2020 £
<b>Fixed assets</b>			
Intangible fixed assets	12	108,061	266,487
Tangible fixed assets	13	134,269	117,769
		<u>242,330</u>	<u>384,256</u>
<b>Current assets</b>			
Stocks	14	1,817,808	1,524,754
Debtors: amounts falling due within one year	15	13,060,811	10,671,747
Cash at bank and in hand	16	19,634,390	20,793,079
		<u>34,513,009</u>	<u>32,989,580</u>
Creditors: amounts falling due within one year	17	<u>(31,194,851)</u>	<u>(30,968,694)</u>
<b>Net current assets</b>		<u>3,318,158</u>	<u>2,020,886</u>
<b>Total assets less current liabilities</b>		<u>3,560,488</u>	<u>2,405,142</u>
Creditors: amounts falling due after more than one year	18	(55,494)	(191,342)
<b>Net assets</b>		<u><u>3,504,994</u></u>	<u><u>2,213,800</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	1,518	1,518
Share premium account		1,299,466	1,299,466
Other reserves		256,098	178,957
Profit and loss account		1,947,912	733,859
		<u>3,504,994</u>	<u>2,213,800</u>

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



.....  
**A Preece**

Director

Date: 24/9/2021

The notes on pages 16 to 31 form part of these financial statements.

**Reward Cloud Limited**

**Statement of Changes in Equity  
For the Period Ended 31 December 2020**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
<b>At 1 April 2019</b>	1,464	799,535	-	(347,990)	453,009
<b>Comprehensive income for the period</b>					
Profit for the period	-	-	-	1,081,849	1,081,849
<b>Contributions by and distributions to owners</b>					
Shares issued during the period	54	499,931	-	-	499,985
Share-based payments expense	-	-	178,957	-	178,957
<b>At 1 July 2020</b>	<u>1,518</u>	<u>1,299,466</u>	<u>178,957</u>	<u>733,859</u>	<u>2,213,800</u>
<b>Comprehensive income for the period</b>					
Profit for the period	-	-	-	1,214,053	1,214,053
<b>Contributions by and distributions to owners</b>					
Share-based payments expense	-	-	77,141	-	77,141
<b>At 31 December 2020</b>	<u><u>1,518</u></u>	<u><u>1,299,466</u></u>	<u><u>256,098</u></u>	<u><u>1,947,912</u></u>	<u><u>3,504,994</u></u>

The notes on pages 16 to 31 form part of these financial statements.

**Reward Cloud Limited**

**Statement of Cash Flows  
For the Period Ended 31 December 2020**

	<b>31 December 2020 £</b>	<b>30 June 2020 £</b>
<b>Cash flows from operating activities</b>		
Profit for the financial period	<b>1,214,053</b>	1,081,849
<b>Adjustments for:</b>		
Amortisation of intangible assets	<b>158,426</b>	392,846
Depreciation of tangible assets	<b>17,934</b>	33,138
Loss on disposal of tangible assets	-	4,234
Interest paid	<b>32,131</b>	96,011
Interest received	<b>(220)</b>	(4,686)
Taxation charge	<b>246,100</b>	147,646
(Increase) in stocks	<b>(293,054)</b>	(1,076,604)
(Increase) in debtors	<b>(2,376,229)</b>	(9,208,460)
Increase in creditors	<b>42,697</b>	26,575,117
Share based payments	<b>77,141</b>	178,957
Corporation tax received	-	128,106
<b>Net cash generated from operating activities</b>	<b>(881,021)</b>	<b>18,348,154</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	-	(76,841)
Purchase of tangible fixed assets	<b>(34,434)</b>	(40,544)
Interest received	<b>220</b>	4,686
HP interest paid	<b>(4,558)</b>	(8,947)
<b>Net cash from investing activities</b>	<b>(38,772)</b>	<b>(121,646)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	-	499,985
Repayment of other loans	<b>(203,642)</b>	(71,639)
Repayment of/new finance leases	<b>(7,681)</b>	-
Interest paid	<b>(27,573)</b>	(87,064)
<b>Net cash used in financing activities</b>	<b>(238,896)</b>	<b>341,282</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,158,689)</b>	<b>18,567,790</b>
Cash and cash equivalents at beginning of period	<b>20,793,079</b>	2,225,289
<b>Cash and cash equivalents at the end of period</b>	<b>19,634,390</b>	<b>20,793,079</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	<b>19,634,390</b>	20,793,079
	<b>19,634,390</b>	<b>20,793,079</b>

The notes on pages 16 to 31 form part of these financial statements.

**Analysis of Net Debt  
For the Period Ended 31 December 2020**

	<b>At 1 July 2020 £</b>	<b>Cash flows £</b>	<b>At 31 December 2020 £</b>
Cash at bank and in hand	20,793,079	(1,158,689)	19,634,390
Debt due after 1 year	(127,178)	127,178	-
Debt due within 1 year	(76,464)	76,464	-
Finance leases	(80,004)	7,681	(72,323)
	<b>20,509,433</b>	<b>(947,366)</b>	<b>19,562,067</b>

The notes on pages 16 to 31 form part of these financial statements.

## **Reward Cloud Limited**

### **Notes to the Financial Statements For the Period Ended 31 December 2020**

#### **1. General information**

Reward Cloud Ltd is a private company limited by shares and registered in England and Wales (Registered number: 10051136). The address of its registered office is Unit 14 Hove Business Centre, Fonthill Road, Hove, BN3 6HA.

During the period the company shortened its accounting reference date from 30 June 2021 to 31 December 2020.

#### **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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 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 resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**Notes to the Financial Statements  
For the Period Ended 31 December 2020**

**2. Accounting policies (continued)**

**2.3 Revenue**

The company provides a technology management platform for the purchase and resale of digital rewards and incentives gift codes. The core business revenue arises from platform licence fees and transaction revenue based on the codes sold on the platform. Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and the 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. In respect of the codes that are purchased and resold on the platform the following applies:

- Where the company purchases stock codes in advance of reselling the codes the gross transactional revenue is recognised as the company is exposed to inventory risk on the codes and is the principal in the transaction.
- Where the company fulfils customer orders without the advance purchase of inventory and without inventory risk then the company is an agent in these transactions and the resulting transaction fee and/or margin is solely recognised.
- Where the company has arrangements such as consignment stock or sale or return without significant inventory risk then the company is an agent in these transactions and the resulting transaction fee and/or margin is solely recognised.

**2.4 Operating leases: the Company as lessee**

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

**2.5 Leased assets: the Company as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.6 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.

**2.7 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**Notes to the Financial Statements  
For the Period Ended 31 December 2020**

**2. Accounting policies (continued)**

**2.8 Finance costs**

Finance costs are charged to profit or loss 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.

**2.9 Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.10 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.11 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 balance sheet date.

**Notes to the Financial Statements  
For the Period Ended 31 December 2020**

**2. Accounting policies (continued)**

**2.12 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.

The estimated useful lives range as follows:

Software	-	3 years straight line
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**2.13 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.

The estimated useful lives range as follows:

Leasehold improvements	-	Term of lease
Fixtures and fittings	-	5 years straight line
Computer equipment	-	3 years straight line

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 profit or loss.

**2.14 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.15 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.

**Notes to the Financial Statements  
For the Period Ended 31 December 2020**

**2. Accounting policies (continued)**

**2.16 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 Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**2.17 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.

**2.18 Financial instruments**

The Company 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 Statement of Comprehensive Income.

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.

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 Company would receive for the asset if it were to be sold at the balance sheet date.

**Notes to the Financial Statements  
For the Period Ended 31 December 2020**

Report made in accordance with the provisions of the Companies Act 2006 and the Companies (Accounts) Regulations 2008.

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

In the application of the company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities, and the results for the year. The nature of estimation is such that actual outcomes could differ significantly from those estimates. The estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis.

The following judgments have had the most significant impact on amounts recognised in the financial statements:

**Revenue**

In determining the level of revenue to be recognised, the directors must apply judgment as to whether the company is an agent or a principal. The way that this judgment is applied is set out within the Revenue accounting policy, note 2.3. A different assessment as to whether the company is an agent or principal could result in a different value being determined for revenue.

**4. Turnover**

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

	<b>6 months ended 31 December 2020 £</b>	<b>15 months ended 30 June 2020 £</b>
Gift card sales	<b>22,038,729</b>	31,902,500
Licence and transaction fees	<b>2,184,411</b>	3,112,297
	<b><u>24,223,140</u></b>	<b><u>35,014,797</u></b>

**5. Operating profit**

The operating profit is stated after charging:

	<b>6 months ended 31 December 2020 £</b>	<b>15 months ended 30 June 2020 £</b>
Exchange differences	<b>23,078</b>	1,587

**Reward Cloud Limited**

**Notes to the Financial Statements  
For the Period Ended 31 December 2020**

**6. Auditor's remuneration**

**Fees payable to the Company's auditor and its associates in respect of:**

Audit-related assurance services	<b>14,000</b>	-
	<b>14,000</b>	-
	<b>14,000</b>	-

**7. Employees**

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

	<b>6 months ended 31 December 2020 £</b>	<b>15 months ended 30 June 2020 £</b>
Wages and salaries	<b>774,405</b>	1,356,488
Social security costs	<b>90,168</b>	147,387
Cost of defined contribution scheme	<b>12,342</b>	26,935
	<b>876,915</b>	1,530,810

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

	<b>6 months ended 31 December 2020 No.</b>	<b>15 months ended 30 June 2020 No.</b>
Admin	<b>29</b>	23

**Notes to the Financial Statements  
For the Period Ended 31 December 2020**

**8. Directors' remuneration**

	<b>6 months ended 31 December 2020 £</b>	<b>15 months ended 30 June 2020 £</b>
Directors' emoluments	<b>120,000</b>	<b>183,333</b>
Company contributions to defined contribution pension schemes	<b>1,313</b>	<b>3,271</b>
	<b><u>121,313</u></b>	<b><u>186,604</u></b>

During the period retirement benefits were accruing to no directors (2020 - nil) in respect of defined contribution pension schemes.

**9. Interest receivable**

	<b>6 months ended 31 December 2020 £</b>	<b>15 months ended 30 June 2020 £</b>
Other interest receivable	<b>220</b>	<b>4,686</b>
	<b><u>220</u></b>	<b><u>4,686</u></b>

**10. Interest payable and similar expenses**

	<b>6 months ended 31 December 2020 £</b>	<b>15 months ended 30 June 2020 £</b>
Bank interest payable and charges	<b>35,015</b>	<b>72,598</b>
Other loan interest payable	<b>58</b>	<b>14,466</b>
Finance leases and hire purchase contracts	<b>4,558</b>	<b>8,947</b>
	<b><u>39,631</u></b>	<b><u>96,011</u></b>

Notes to the Financial Statements  
For the Period Ended 31 December 2020

11. Taxation

	6 months ended 31 December 2020 £	15 months ended 30 June 2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	258,935	140,699
Adjustments in respect of previous periods	-	(33,018)
	<u>258,935</u>	<u>107,681</u>
<b>Total current tax</b>	<u>258,935</u>	<u>107,681</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(12,835)	39,965
<b>Total deferred tax</b>	<u>(12,835)</u>	<u>39,965</u>
<b>Taxation on profit on ordinary activities</b>	<u>246,100</u>	<u>147,646</u>

**Factors affecting tax charge for the period**

The tax assessed for the period is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	6 months ended 31 December 2020 £	15 months ended 30 June 2020 £
Profit on ordinary activities before tax	<u>1,460,153</u>	<u>1,229,495</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	277,429	233,604
<b>Effects of:</b>		
Non-tax deductible amortisation of intangibles	27,668	69,172
Expenses not deductible for tax purposes, other than amortisation of intangibles	253	12,671
Adjustments to tax charge in respect of prior periods	-	(42,193)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(62,500)	(123,500)
Changes in provisions leading to an increase (decrease) in the tax charge	3,250	(2,108)
<b>Total tax charge for the period</b>	<u>246,100</u>	<u>147,646</u>

**Notes to the Financial Statements  
For the Period Ended 31 December 2020**

**11. Taxation (continued)**

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**12. Intangible assets**

	<b>Computer software £</b>
<b>Cost</b>	
At 1 July 2020	<b>1,110,689</b>
At 31 December 2020	<b>1,110,689</b>
<b>Amortisation</b>	
At 1 July 2020	<b>844,202</b>
Charge for the period on owned assets	<b>158,426</b>
At 31 December 2020	<b>1,002,628</b>
<b>Net book value</b>	
At 31 December 2020	<b>108,061</b>
At 30 June 2020	<b>266,487</b>

Notes to the Financial Statements  
For the Period Ended 31 December 2020

13. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 July 2020	61,582	48,023	56,537	166,142
Additions	860	10,708	22,866	34,434
At 31 December 2020	<u>62,442</u>	<u>58,731</u>	<u>79,403</u>	<u>200,576</u>
<b>Depreciation</b>				
At 1 July 2020	5,701	9,124	33,548	48,373
Charge for the period on owned assets	599	1,426	9,139	11,164
Charge for the period on financed assets	2,514	4,256	-	6,770
At 31 December 2020	<u>8,814</u>	<u>14,806</u>	<u>42,687</u>	<u>66,307</u>
<b>Net book value</b>				
At 31 December 2020	<u>53,628</u>	<u>43,925</u>	<u>36,716</u>	<u>134,269</u>
At 30 June 2020	<u>55,881</u>	<u>38,899</u>	<u>22,989</u>	<u>117,769</u>

Included within leasehold improvements are assets with a net book value of £42,987 (30 June 2020: £45,501) that are held under finance lease and hire purchase contracts.

Included within fixtures and fittings are assets with a net book value of £31,208 (30 June 2020: £35,464) that are held under finance lease and hire purchase contracts.

14. Stocks

	31 December 2020 £	30 June 2020 £
Gift cards held	1,817,808	1,524,754
	<u>1,817,808</u>	<u>1,524,754</u>

Notes to the Financial Statements  
For the Period Ended 31 December 2020

15. Debtors

	31 December 2020 £	30 June 2020 £
Trade debtors	12,717,464	5,130,574
Other debtors	249,125	5,435,063
Prepayments and accrued income	49,252	73,975
Deferred taxation	44,970	32,135
	<u>13,060,811</u>	<u>10,671,747</u>

16. Cash and cash equivalents

	31 December 2020 £	30 June 2020 £
Cash at bank and in hand	19,634,390	20,793,079
	<u>19,634,390</u>	<u>20,793,079</u>

17. Creditors: Amounts falling due within one year

	31 December 2020 £	30 June 2020 £
Other loans	-	76,464
Payments received on account	16,136,968	16,175,855
Trade creditors	13,704,466	13,956,740
Corporation tax	399,634	140,699
Other taxation and social security	491,875	409,042
Obligations under finance lease and hire purchase contracts	16,829	15,840
Other creditors	9,382	4,460
Accruals and deferred income	435,697	189,594
	<u>31,194,851</u>	<u>30,968,694</u>

Amounts due under finance lease and hire purchase contracts are secured against the assets to which they relate.

**Reward Cloud Limited**

**Notes to the Financial Statements  
For the Period Ended 31 December 2020**

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

	<b>31 December 2020 £</b>	<b>30 June 2020 £</b>
Other loans	-	127,178
Net obligations under finance leases and hire purchase contracts	<b>55,494</b>	<b>64,164</b>
	<b>55,494</b>	<b>191,342</b>

Amounts due under finance lease and hire purchase contracts are secured against the assets to which they relate.

**19. Loans**

Analysis of the maturity of loans is given below:

	<b>31 December 2020 £</b>	<b>30 June 2020 £</b>
<b>Amounts falling due within one year</b>		
Other loans	-	76,464
	-	76,464
<b>Amounts falling due 1-2 years</b>		
Other loans	-	127,178
	-	127,178
	-	203,642

**20. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>31 December 2020 £</b>	<b>30 June 2020 £</b>
Within one year	<b>16,829</b>	15,840
Between 1-5 years	<b>55,494</b>	64,164
	<b>72,323</b>	<b>80,004</b>

Notes to the Financial Statements  
For the Period Ended 31 December 2020

21. Deferred taxation

	<b>2020</b>
	<b>£</b>
At beginning of year	<b>32,135</b>
Arising in year	<b>12,835</b>
<b>At end of year</b>	<b><u>44,970</u></b>

The deferred tax asset is made up as follows:

	31 December 2020 £	30 June 2020 £
Fixed asset timing differences	-	(5,407)
Short term timing differences	<b>44,970</b>	<b>37,542</b>
	<b><u>44,970</u></b>	<b><u>32,135</u></b>

22. Share capital

	31 December 2020 £	30 June 2020 £
<b>Allotted, called up and fully paid</b>		
1,517,855 (30 June 2020 - 1,517,855) Ordinary shares of - 0.1p each	<b>1,518</b>	<b>1,518</b>
	<b><u>1,518</u></b>	<b><u>1,518</u></b>

**Notes to the Financial Statements  
For the Period Ended 31 December 2020**

**23. Share based payments**

The Company has granted share options to certain employees under an Enterprise Management Incentive (EMI) scheme, which allows those employees to acquire shares in the Company at an agreed exercise price. The share options can be exercised upon the sale of the company. The vesting period is 5 years. The share options lapse in the event of an exit event on the expiry of the relevant exercise period, if the option holder dies or if the option holder is invited to accept an exchange of options. When a member of staff ceases to be employed by the Company it is up to the discretion of the directors as to whether that employee's share options lapse.

	<b>31 December Weighted average exercise price (pence) 2020</b>	<b>31 December Number 2020</b>	<b>30 June Weighted average exercise price (pence) 2020</b>	<b>30 June Number 2020</b>
Outstanding at the beginning of the year	5.84	79,994	3.40	57,496
Granted during the period	15.15	8,529	14.17	22,498
Forfeited during the year	8.41	(455)		
<b>Outstanding at the end of the year</b>	<b>7.23</b>	<b>88,068</b>	<b>5.84</b>	<b>79,994</b>

	<b>31 December 2020 £</b>	<b>30 June 2020 £</b>
Equity-settled schemes	256,098	178,957
	<b>256,098</b>	<b>178,957</b>

**24. Pension commitments**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £12,342 (30 June 2020: £26,935). Contributions totaling £5,747 (30 June 2020: £4,460) were payable to the fund at the reporting date and are included in other creditors.

**Reward Cloud Limited**

**Notes to the Financial Statements  
For the Period Ended 31 December 2020**

**25. Commitments under operating leases**

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>31 December 2020 £</b>	<b>30 June 2020 £</b>
Not later than 1 year	<b>56,000</b>	56,000
Later than 1 year and not later than 5 years	<b>224,000</b>	224,000
Later than 5 years	<b>196,000</b>	224,000
	<b>476,000</b>	504,000