

Registered number: 07361080

RECEIPT BANK LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



RECEIPT BANK LIMITED
REGISTERED NUMBER: 07361080

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	7	68,533	49,165
Investments	8	4,530	201
		<u>73,063</u>	<u>49,366</u>
Current assets			
Debtors: amounts falling due within one year	9	6,772,153	2,194,256
Cash at bank and in hand	10	7,772,000	2,179,412
		<u>14,544,153</u>	<u>4,373,668</u>
Creditors: amounts falling due within one year	11	(2,044,688)	(1,123,480)
Net current assets		<u>12,499,465</u>	<u>3,250,188</u>
Total assets less current liabilities		<u>12,572,528</u>	<u>3,299,554</u>
Creditors: amounts falling due after more than one year	12	(212,121)	(378,788)
Net assets		<u><u>12,360,407</u></u>	<u><u>2,920,766</u></u>
Capital and reserves			
Called up share capital	13	1,970	1,723
Share premium account	14	27,015,834	12,361,840
Share-based payment reserve	14	953,106	310,630
Profit and loss account	14	(15,610,503)	(9,753,427)
		<u><u>12,360,407</u></u>	<u><u>2,920,766</u></u>

RECEIPT BANK LIMITED
REGISTERED NUMBER: 07361080

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2017

The notes on pages 3 to 15 form part of these financial statements.

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

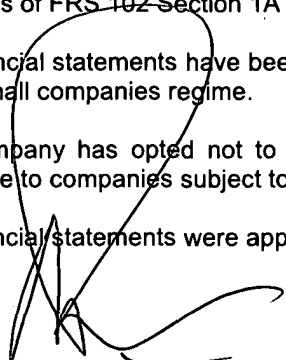
The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime, as set out within Part 15 of the Companies Act 2006, and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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



A D S Prenn
Director

Date: 16 August 2018

RECEIPT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Receipt Bank Limited is a private company limited by share capital, incorporated in England and Wales and domiciled in the United Kingdom under the Companies Act. The address of the registered office is 99 Clifton Street, London, United Kingdom, EC2A 4LG.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements are the first annual financial statements of the company prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as applied in the context of the small entities regime. The first date at which FRS 102 was applied was 1 September 2015. The company prepared its financial statements in the previous year in accordance with the FRSSE (2015). In accordance with FRS 102 the company has:

- provided comparative information;
- applied the same accounting policies throughout all periods presented;
- retrospectively applied FRS 102 as required; and
- applied certain optional exemptions and mandatory exceptions as applicable for first time adopters of FRS 102.

The transition to FRS 102 has resulted in certain material adjustments to the profit and loss and equity of the company as previously reported. Further information about the transition to FRS 102 can be found in note 21.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with the company's accounting policies.

2.2 Going concern

In order to maintain its current levels of growth, the company has been dependent on the receipt of funds from investors. In June 2017, the company secured further equity investment from Insight Venture Partners, with a further £10 million received on 27 June 2018. The Directors have produced forecasts taking this into account which show that the company should be in a good position to continue in operation for the foreseeable future and, as a result, are of the view that a going concern basis should be adopted in preparing the accounts.

2.3 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

RECEIPT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover 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.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of 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.

2.5 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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% per annum
Computer equipment	-	50% per annum

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 Statement of Comprehensive Income.

RECEIPT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Cash and cash equivalents

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

2.8 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the company 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 company 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 company after deducting all of its liabilities. Equity instruments issued by the company 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.

2.9 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 the Statement of Comprehensive Income.

RECEIPT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.10 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 profit or loss.

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 managements 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.

2.11 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

RECEIPT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.12 Taxation

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

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and the company intends to settle on a net basis.

2.13 Research and development

Research and development expenditure is written off as incurred.

2.14 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 balance sheet.

RECEIPT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

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.

Key sources of estimation uncertainty

Bad debt provisions

The trade debtors balances of £624,964 (2016: £265,428) recorded in the Statement of financial position comprise a number of small balances. A full line by line review of trade debtors is carried out at the end of each month. 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.

4. Employees

The average monthly number of employees, including directors, during the year was 66 (2016 - 43).

5. Directors' remuneration

	31 December 2017 £	16 months ended 31 December 2016 £
Directors' emoluments	526,094	353,312
	<u>526,094</u>	<u>353,312</u>

The highest paid director received remuneration of £226,094 (2016: £176,667).

RECEIPT BANK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. Taxation

	31 December 2017 £	16 months ended 31 December 2016 £
Corporation tax		
R&D tax credits for the year	519,643	385,791
Adjustments in respect of previous periods	(76,234)	-
Total current tax	<u>443,409</u>	<u>385,791</u>

A potential deferred tax asset has not been recognised in respect of trading losses carried forward of £12,821,273 (2016: £7,928,781) due to the inherent uncertainty regarding the timing of future profits.

7. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2017	32,596	67,513	100,109
Additions	-	53,748	53,748
At 31 December 2017	<u>32,596</u>	<u>121,261</u>	<u>153,857</u>
Depreciation			
At 1 January 2017	11,052	39,892	50,944
Charge for the year on owned assets	8,145	26,235	34,380
At 31 December 2017	<u>19,197</u>	<u>66,127</u>	<u>85,324</u>
Net book value			
At 31 December 2017	<u>13,399</u>	<u>55,134</u>	<u>68,533</u>
At 31 December 2016	<u>21,544</u>	<u>27,621</u>	<u>49,165</u>

RECEIPT BANK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2017	201
Additions	4,329
At 31 December 2017	4,530

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Location
Receipt Bank, Inc	Ordinary	100 %	United States of America
Receipt Bank Australia Pty Limited	Ordinary	100 %	Australia
RB Sofia EOOD	Ordinary	100 %	Bulgaria
1Tap App Limited	Ordinary	100 %	United Kingdom
Receipt Bank France SARL	Ordinary	100 %	France
Receipt BK SA Pty Ltd	Ordinary	100 %	South Africa

9. Debtors

	2017 £	2016 £
Trade debtors	624,964	265,428
Amounts owed by group undertakings	4,755,320	1,316,108
Other debtors	50,437	61,373
Prepayments and accrued income	512,232	165,556
Tax recoverable	829,200	385,791
	6,772,153	2,194,256

RECEIPT BANK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	7,772,000	2,179,412
	<u>7,772,000</u>	<u>2,179,412</u>

11. Creditors: Amounts falling due within one year

	2017	2016
	£	£
Bank loans	181,818	121,212
Trade creditors	461,363	352,013
Amounts owed to group undertakings	81,546	9,408
Other taxation and social security	210,303	169,927
Other creditors	25,800	41,778
Accruals and deferred income	1,083,858	429,142
	<u>2,044,688</u>	<u>1,123,480</u>

RECEIPT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

12. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	212,121	378,788
	<u>212,121</u>	<u>378,788</u>

Secured loans

During the period ended 31 December 2016, the company entered into a loan agreement with Silicon Valley Bank ("SVB") for two facilities;

Facility A being a Recurring Revenue Line of Credit totalling £2,500,000 (2016: £2,000,000) . There is no drawn down balance as at 31 December 2017. Facility B being a Term Loan for £1,000,000 at an interest rate of 8% per annum, able to be drawn down in two equal £500,000 tranches. Following a 6 month interest only period, each tranche's principal will be repayable over 33 equal monthly payments. As at 31 December 2017 the company has drawn down on the first tranche for £500,000. The second tranche expired on 31 August 2017 and was not drawn down.

Both facilities have been secured by a senior fixed and floating charge on all assets including Intellectual Property in the UK, and a first priority lien on all US assets including Intellectual Property. In conjunction with the loans, the company issued 434 warrants to SVB at an exercise price of £184.20 per warrant. As a result of the sub-division of shares described in note 14, the warrants were divided into 43,400 warrants at an exercise price of £1.842. The warrants expire 10 years from grant.

RECEIPT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
13,397,700 (2016 - 132,362) Ordinary shares of £0.0001 (2016 - £0.01)	1,340	1,323
3,998,900 (2016 - 39,989) Series A shares of £0.0001 (2016 - £0.01)	400	400
2,304,584 Series B shares of £0.0001 each	230	-
	<u>1,970</u>	<u>1,723</u>

On 30 June 2017, the company sub-divided existing Ordinary and Series A shareholders, whereby 100 shares were issued for every share held. The nominal value of each share decreased from £0.01 to £0.0001.

On 10 July 2017 161,500 £0.0001 Ordinary shares were issued for consideration of £257,206 in relation to exercised warrants, resulting in a share premium of £257,190. No fair value adjustment was made in the financial statements in respect of these warrants as they were issued before 1 January 2016. As disclosed in the prior period's financial statements, the company utilised the FRS102 transitional exemption available for small entities which removed the requirement to fair value such financial instruments, issued in previous and comparative periods, when preparing its first set of financial statements under FRS102 for the year ended 31 December 2016.

On the same date 1,536,389 £0.0001 Series B shares were issued for consideration of £10,000,053 less share issue costs of £405,401, resulting in a share premium of £9,594,498.

On 8 December 2017, 768,195 £0.0001 Series B shares were issued for consideration of £5,000,005 less share issue costs of £603,023, resulting in a share premium of £4,802,306.

Ordinary, Series A and Series B shares have full voting rights. Upon liquidation, winding up or sale of the company, Series A and Series B shareholders will be entitled to receive, in preference to Ordinary shareholders, a per share amount equal to the subscription price paid for the respective shares.

14. Reserves

Share premium account

This non-distributable reserve represents the consideration paid in excess of the nominal value of shares issued. This reserve is not distributable.

Profit & loss account

This represents accumulated losses incurred by the company.

Share-based payment reserve

This represents the non-distributable reserve for share-based payments.

RECEIPT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

15. Share-based payments

The company has a share option scheme for all employees (including directors). 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 company.

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

	31 December 2017	Weighted average exercise price £	31 December 2016 £	Weighted average exercise price £
Outstanding at beginning of period	12,829	54.80	4,560	3.97
Granted during the period (pre share split)	5,231	1.00	-	-
Adjustment: share split 1:100	1,787,902	0.39	-	-
Adjusted balance	1,805,962	0.39	-	-
Granted during the period (post share split)	404,851	0.01	9,196	75.10
Expired/cancelled during the period	(329,700)	0.04	(927)	6.07
	1,881,113	0.37	12,829	54.80

During the period ended 31 December 2016 the company granted 434 warrants exercisable on grant date for Series A shares at a price of £184.20 per warrant for a period of 10 years from grant. As a result of the share split described in note 14, the warrants now reflect 43,400 warrants at an exercise price of £0.1842.

The company recognised total expenses of £672,476 (2016: £310,630) in relation to equity settled share - based payment transactions during the period, resulting in an increase in the share-based payment reserve of the same amount. Fair values were calculated using the Black-Scholes method.

16. Related party transactions

Related party transactions between wholly owned subsidiaries within the Group have not been disclosed.

Transactions with Directors were limited to out-of-pocket expenses and Director's remuneration. There were no other transactions with Directors during the period.

RECEIPT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

17. Post balance sheet events

On 7 March 2018 the company authorised the allotment of up to 3,301,200 Growth Shares of £0.0001 each. On 20 June 2018 the company issued 141,996 Growth Shares of £0.0001 for total consideration of £3,124.

The Growth Shares have attached to them: (a) no voting rights; (b) no dividend rights; (c) on a capital distribution (including on winding up), the right to receive 0.1% of any distribution due to the holders of the ordinary Shares, prior to each holder of Series A shares and ordinary shares receiving an amount per share equal to 99.9% of the hurdle amount applicable to that growth share and thereafter, the right to participate pari passu with the holders of the Series A shares and the ordinary shares; and (d) they do not confer any specific rights of redemption.

On 27 June 2018 the company received the final Series B equity investment tranche of £10 million. The company issued 1,536,389 £0.0001 with an aggregate nominal value of £153.64, with share premium of £9,999,946.

18. Controlling party

Receipt Bank Limited is regarded by the Directors of the company as having no ultimate controlling company at 31 December 2017.

19. First time adoption of FRS 102

The transition to FRS 102 has resulted in certain material adjustments to the loss and equity of the company as previously reported. The company has recognised share-based payment charges of £310,630 in the prior period which impacts the loss and equity positions previously reported. The company utilised the FRS 102 transitional exemptions available in relation to share options issued prior to the transition date 1 September 2015. As a result there is no requirement to fair value these historical share options.