Ezbob Ltd

Directors' report and consolidated financial statements

Registered number 07852687
31 December 2017

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Contents

Company Information

Directors	T Guriel G Aharoni A Littner
Company number	07852687
Registered office	120 New Cavandish street London W1W 6XX
Auditors	KPMG LLP Chartered Accountants 66 Queen Square Bristol BS1 4BE
Bankers	Silicon Valley Bank

Report of the Directors

Principal activity

Ezbob Ltd is a fintech company specializing in end to end digital lending solutions for financial institutions. Ezbob main activity is white labeling its solution. Ezbob is also servicing its own loan book from lending to the SME market in the UK.

Review of business

Ezbob continued in 2017 its activity of white labeling its digital lending solution to financial institutions in the UK. The company invested in growing its operations, the team and other resources to enable more growth and scalability. In 2017, ezbob signed 2 major contracts with banks in the UK to implement and service the solution and enable the banks to provide better funding propositions to SME's.

Proposed dividend

The directors do not recommend the payment of a dividend for the financial year ending 31 December 2017 (2016: £nil).

Directors

The directors who held office during the period were as follows:
T. Guriel
G. Aharoni
A. Littner

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Going concern

The directors have, during the year, decided to concentrate on its core business of white-labelling its end-to-end lending solution.Whilst the Group has been loss-making to the tune of £4.5m, much of this was development costs in relation to bringing the solution into full operation with a number of clients.In addition, the directors are in discussion with a number of prospective clients. Since the year-end, the directors have continued to enhance the platform to expand its operations into new areas and new products, and has received further equity injections investments of £3.25m in order to fund this development.The shareholders are aware that additional funds may be required to take this next stage of development to its conclusion in a timely fashion.Were further equity funds not available, the Group would continue to develop the platform from current cash resources, and cash generated from new and existing customers.Based on the above, and as the company has no debt, the directors believe it remains appropriate to prepare the accounts on a going concern basis.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

AUDITORS

The auditors, KPMG LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

By order of the board

May 7 2018
T Guriel
Director

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EZBOB Ltd

Opinion

We have audited the financial statements of Ezbob Ltd. ("the company") for the year ended 31 December 2017 which comprise the consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity and company statement of changes in equity and related notes, including the accounting policies in note 1.

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 2017 and of the group's loss for the year then ended;

- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard, and the provisions available for small entities, in the circumstances set out in note X to the financial statements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;

- in our opinion the information given in that report for the financial year is consistent with the financial statements; and

- in our opinion that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EZBOB Ltd *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Peter Lomax

Peter Lomax (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE
8/5/18

Consolidated statement of comprehensive income
for the year ended 31 December 2017

	Note	2017	2016
		£	£
Turnover	4	5,304,879	8,218,487
Cost of sales	6	(2,217,673)	(4,793,222)
Gross profit		3,087,206	3,425,265
Administrative expenses	3, 5	(7,493,946)	(10,479,053)
Group operating loss	2	(4,406,740)	(7,053,788)
Tax on profit on ordinary activities	7	(120,965)	(50,639)
Loss on ordinary activities after taxation	15	(4,527,705)	(7,104,427)
Other comprehensive income			
Net foreign exchange differences on the translation of foreign operations		(13,076)	(90,573)
Total comprehensive income		(4,540,781)	(7,195,000)

The accompanying notes form an integral part of these financial statements

Consolidated Balance Sheet

at 31 December 2017

	Note	31 December 2017	31 December 2017	31 December 2016	31 December 2016
		£	£	£	£
Tangible assets	8		334,733		192,138
Intangible asset	9		259,764		171,795
			594,497		363,933
Current assets					
Debtors	11	1,495,812		15,339,324	
Cash at bank and in hand		3,458,706		3,002,657	
		4,954,518		18,341,981	
Creditors: amounts falling due within one year	12	(1,602,217)		(9,074,723)	
Net current assets			3,352,301		9,267,258
Total assets less current liabilities			3,946,798		9,631,191
Creditors: amounts falling due after more than one year	13		-		(1,201,250)
Net assets			3,946,798		8,429,941
Capital and reserves					
Called up share capital	14		2,436		2,435
Share premium account	15		27,293,755		27,293,755
Share options reserves	15		57,637		-
Retranslation reserve	15		(89,737)		(76,661)
Profit and loss account	15		(23,317,293)		(18,789,588)
Equity			3,946,798		8,429,941

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the board of directors on May7, 2018 and were signed on its behalf by:

T. Guriel
Director

Company registered number: 07852687

Company Balance Sheet
at 31 December 2017

	Note	31 December 2017	31 December 2017	31 December 2016	31 December 2016
		£	£	£	£
Fixed assets					
Tangible assets	8		57,843		42,011
Intangible asset	9		259,764		171,795
Investments	10		12		1,120,998
			317,619		1,334,804
Current assets					
Debtors	11	1,391,867		5,771,746	
Cash at bank and in hand		2,818,899		784,800	
		4,210,766		6,556,546	
Creditors: amounts falling due within one year	12	(5,961,674)		(3,228,389)	
Net current assets			(1,750,908)		3,328,157
Total assets less current liabilities			(1,433,289)		4,662,961
Net assets			(1,433,289)		4,662,961
Capital and reserves					
Called up share capital	14		2,436		2,435
Share premium account	15		27,293,743		27,293,743
Profit and loss account	15		(28,729,468)		(22,633,217)
Equity			(1,433,289)		4,662,961

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the board of directors on May 7, 2018 and were signed on its behalf by:

T. Guriel
Director
Company registered number: 07852687

Consolidated Statements of Changes in Equity

for the year ended 31 December 2017

	Called up Share capital	Share Premium account	Revaluation reserve	Profit & loss account	Total equity
	£	£	£	£	£
Balance at 1 January 2016	1,779	12,654,423	13,912	(11,685,161)	984,953
	1,779	12,654,423	13,912	(11,685,161)	984,953
Total comprehensive income for the period					
Loss	-	-	-	(7,104,427)	(7,104,427)
Other comprehensive income	-	-	(90,573)	-	(90,573)
Total comprehensive income for the period	-	-	(90,573)	(7,104,427)	(7,195,000)
Issue of shares	656	-	-	-	656
Premium on share issues, less expenses	-	14,639,332	-	-	14,639,332
	2,435	27,293,755	(76,661)	(18,789,588)	8,429,941
Balance at 31 December 2016	**2,435**	**27,293,755**	**(76,661)**	**(18,789,588)**	**8,429,941**

The accompanying notes form an integral part of these financial statements.

Consolidated Statements of Changes in Equity

for the year ended 31 December 2017

	Called up Share capital	Share Premium account	Revaluation reserve	Profit & loss account	Share options reserves	Total equity
	£	£	£	£	£	£
Balance at 1 January 2017	2,435	27,293,755	(76,661)	(18,789,588)	-	8,429,941
	2,435	27,293,755	(76,661)	(18,789,588)	-	8,429,941
Total comprehensive income for the period						
Loss	-	-	-	(4,527,705)	-	(4,527,705)
Other comprehensive income	-	-	(13,076)	-	-	(13,076)
Total comprehensive income for the period	-	-	(13,076)	(4,527,705)	-	(4,540,781)
Equity-settled share based payment transactions	1	-	-	-	-	1
Share options reserves	-		-	-	57,637	57,637
	2,436	27,293,755	(89,737)	(23,317,293)	57,637	3,946,798
Balance at 31 December 2017	2,436	27,293,755	(89,737)	(23,317,293)	57,637	3,946,798

The accompanying notes form an integral part of these financial statements.

Company Statements of Changes in Equity

for the year ended 31 December 2017

	Called up Share capital	Share Premium account	Profit & loss account	Total equity
	£	£	£	£
Balance at 1 January 2016	1,779	12,654,411	(13,925,071)	(1,268,881)
	1,779	12,654,411	(13,925,071)	(1,268,881)
Total comprehensive income for the period				
Loss	-	-	(8,708,146)	(8,708,146)
Total comprehensive income for the period	-	-	(8,708,146)	(8,708,146)
Issue of shares	656	-	-	656
Premium on share issues, less expenses	-	14,639,332	-	14,639,332
	2,435	27,293,743	(22,633,217)	4,662,961
Balance at 31 December 2016	2,435	27,293,743	(22,633,217)	4,662,961

The accompanying notes form an integral part of these financial statements.

Company Statements of Changes in Equity

for the year ended 31 December 2017

	Called up Share capital	Share Premium account	Profit & loss account	Total equity
	£	£	£	£
Balance at 1 January 2017	2,435	27,293,743	(22,633,217)	4,662,961
	2,435	27,293,743	(22,633,217)	4,662,961
Total comprehensive income for the period				
Loss	-	-	(6,096,251)	(6,096,251)
Total comprehensive income for the period	-	-	(6,096,251)	(6,096,251)
Equity-settled share based payment transactions	1	-	-	1
	2,436	27,293,743	(28,729,468)	(1,433,289)
Balance at 31 December 2017	**2,436**	**27,293,743**	**(28,729,468)**	**(1,433,289)**

The accompanying notes form an integral part of these financial statements.

Notes to the consolidated financial statements
(forming part of the financial statements)

1. Accounting policies

Basis of preparation

These consolidated financial statements comprise of the Company and its subsidiaries ('the Group').

These consolidated financial statements were prepared in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in September 2015.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The same accounting policies and methods of computation have been followed in these interim financial statements as compared with the most recent annual financial statements except for these detailed below.

The directors have, during the year, decided to concentrate on its core business of white-labelling its end-to-end lending solution. Whilst the Group has been loss-making to the tune of £4.5m, much of this was development costs in relation to bringing the solution into full operation with a number of clients. In addition, the directors are in discussion with a number of prospective clients.

Since the year-end, the directors have continued to enhance the platform to expand its operations into new areas and new products, and has received further equity injections investments of £3.25m in order to fund this development. The shareholders are aware that additional funds may be required to take this next stage of development to its conclusion in a timely fashion. Were further equity funds not available, the Group would continue to develop the platform from current cash resources, and cash generated from new and existing customers. Based on the above, and as the company has no debt, such that the Group can the directors believe it remains appropriate to prepare company has prepared the accounts on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2017. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Classification of financial instruments issued by the Group

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Notes *(continued)*

1 Accounting policies *(continued)*

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

Basic financial instruments

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Interest bearing borrowings

Interest-bearing borrowings are recognised initially at the transaction price (less transaction costs). Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Comparative figures were prepared in accordance with UK GAAP and have not been restated in order to comply with this accounting policy because the entity is small and FRS 102 has been adopted in a period commencing before 1 January 2017.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

On consolidation, the assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken directly to a separate component of equity.

Intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Notes *(continued)*

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred with the exemption of capitalized development costs during the period.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes direct labour costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Development costs	-3 years [33% per annum]

Impairment of fixed assets

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by the UK Generally Accepted Accounting Practice applicable to Smaller Entities.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

Share-based payments

During the twelve months, the Company issued a total of 2,210 equity settled share-based payment options to 5 employees, whereby services are rendered in exchange for rights over 2,210 shares of the Company for an exercise price £250.02. The options vest on the expiry of a 1-4 year period, on condition that the grantees continue to provide services to the Company.

In addition, during the year, 1,392 employee options expired, and 292 options were exercised on a cashless exercise basis resulting in the issuance of 39 shares.

As of 31 December 2017, the number of outstanding employee and director options was 22,859, with an average exercise price of £238

Loans and interest income

Advances to customers are initially recorded at cost, being the amount advanced to the customer. Interest income is recognised in the income statement using the monthly interest rate explicit in the loan arrangement. Set up fee income is included within the interest income and forms part of the effective interest rate, being recognised over the life of the loan. Loans are assessed collectively for impairment once objective evidence is available that the group of loans is impaired. In the event of an impairment, the carrying amount of the group of assets is reduced through the use of a provision and the amount of the loss is recognised in the income statement.

Development services income

Income from development services is recognised in the income statement according to the stage of completion of the relevant contract.

Notes *(continued)*

2 Operating costs

	2017	2016
	£	£
Loss on ordinary activities before taxation is stated after charging:		
Depreciation	**129,273**	190,106
Operating lease expense	**693,771**	549,530

Auditor's remuneration:

	2017	2016
	£	£
Audit of these financial statements	**29,000**	29,000
Quarterly reviews	**16,500**	10,000

3 Remuneration of directors

	2017	2016
	£	£
Amounts paid to third parties in respect of directors' services	**232,000**	329,424

4 Turnover

	2017	2016
Turnover according to class of revenue stream:	£	£
Interest income	**2,511,869**	7,962,224
Development services income	**2,793,010**	256,263
Total turnover	**5,304,879**	8,218,487

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year was as follows:

Group

	2017	2016
Staff	46	48
Directors	3	4
	49	52

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£	£
Wages and salaries	2,195,149	2,467,057
Social security costs	471,402	719,904
Other pension costs	134,831	99,163
	2,801,382	3,286,124

6 Interest payable and similar charges

	2017	2016
	£	£
On all loans (included in cost of sales)	873,766	1,144,974
Similar charges (included in cost of sales)	558,023	1,422,241
	1,431,789	2,567,215

7 Taxation

	2017	2016
	£	£
Current year tax		
Current tax	120,965	50,639
	120,965	50,639
Reconciliation of total tax charge included in the profit and loss		
Loss before taxes on income	(4,406,740)	(7,053,788)
Statutory tax rate	20%	20%
Tax computed at the statutory tax rate	(881,348)	(1,410,758)
Loss for which deferred taxes were not recognized	881,348	1,410,758
Current tax in Israel	120,965	50,639
Total	120,965	50,639

The company has accumulated carryforward tax losses of £25,236,866 (2016: £18,789,590) for which it did not recognize a deferred tax asset as it does not see it being recovered in the foreseeable future.

Notes *(continued)*

8 Tangible fixed assets

	Plant and machinery	Total
	£	£
Group		
Cost		
At beginning of year	475,391	475,391
Additions	284,719	284,719
At end of year	760,110	760,110
Depreciation		
At beginning of year	283,253	283,253
Charge for year	142,124	142,124
At end of year	425,377	425,377
Net book value		
At 31 December 2017	**334,733**	**334,733**
At 31 December 2016	192,138	192,138

	Plant and machinery	Total
	£	£
Company		
Cost		
At beginning of year	266,034	266,034
Additions	63,526	63,526
At end of year	329,560	329,560
Depreciation		
At beginning of year	224,023	224,023
Charge for year	47,694	47,694
At end of year	271,717	271,717
Net book value		
At 31 December 2017	**57,843**	**57,843**
At 31 December 2016	42,011	42,011

Notes *(continued)*

9 Intangible assets

	Intangible assets	Total
	£	£
Group and Company		
Cost		
At beginning of year	471,795	471,795
Additions	150,725	150,725
At end of year	622,520	622,520
Amortisation		
At beginning of year	300,000	300,000
Charge for year	62,756	62,756
At end of year	362,756	362,756
Net book value		
At 31 December 2017	**259,764**	**259,764**
At 31 December 2016	171,795	171,795

10 Investments

	Investments in subsidiaries	Total
Investment	£	£
Company		
Cost		
At beginning of year	1,120,998	1,120,998
Additions	-	-
Impairment	(1,120,986)	(1,120,986)
At end of year	12	12
Net book value		
At 31 December 2017	**12**	**12**
At 31 December 2016	1,120,998	1,120,998

The principal undertakings in which the Company's interest at the year end is more than 20% are as follows;

	Country of incorporation	Registered number	Principal activity	Class and percentage of shares held	Amount of capital and reserves	Profit for the period
Subsidiary undertakings						
Ezbob UK Limited	United Kingdom	08152728	Admin. duties	Ordinary 100%	£4,613,600	£285,128
Ezbob IT Limited	Israel	Not applicable	Admin. duties	Ordinary 100%	£766,500	£220,268
Everline Holdco Limited	United Kingdom	9411740	Dormant	Ordinary 100%	-	-

Notes *(continued)*

11 Debtors

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Finance receivables	**496,878**	15,047,253	**496,878**	5,077,989
Trade debtors	**794,130**	47,220	**794,130**	47,220
Other debtors	**9,379**	28,105	**9,370**	14,353
Amounts owed from subsidiary	**-**	-	**-**	493,966
Prepayments	**195,424**	216,746	**91,489**	138,218
	1,495,812	15,339,324	**1,391,867**	5,771,746

Finance receivables include deferred acceptance fees in the amount of £21,268 (2016: £585,458).

12 Creditors

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Trade creditors	**352,757**	228,889	**144,556**	91,552
Amounts owed to subsidiary	**-**	-	**5,118,496**	660,398
Other creditors	**505,353**	2,364,027	**525,019**	2,088,960
Loan (see note 13)	**-**	5,750,967	**-**	-
Accruals	**658,258**	549,833	**87,753**	206,472
Provisions	**85,850**	181,007	**85,850**	181,007
	1,602,217	9,074,723	**5,961,674**	3,228,390

13 Long term loan

On April 29, 2016 the Company entered into a Facilities Agreement with Shawbrook Bank Ltd. and Honeycomb Investment Trust PLC with respect to a revolving loan facility of up to GBP 15,000,000 and a term loan facility of up to GBP 10,000,000. The loan facilities were repayable by April 29, 2019 but the company fully repaid it in December 2017.

Notes *(continued)*

14 Called up share capital

Company

	2017	2016
	£	£
Allotted, called up and fully paid		
149,251 (2015: 177,845) Ordinary shares of £0.01 each	1,494	1,493
94,265 (2015: Nil) Preference shares of £0.01 each	942	942
	2,436	2,435

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. In 2016 the company raised £15,000,000 in exchange for preferred shares. There were no changes in share capital in 2017 (other than 39 cashless exercise shares for GBP 0.39). In January and April 2018 the Company raised GBP 3,250,000 in exchange for preferred shares.

15 Share premium and reserves

Group

	Share premium account	Retranslation reserve	Profit and loss account
	£	£	£
At beginning of period	27,293,755	(76,661)	(18,789,588)
Loss for the period	-	-	(4,527,705)
Exchange adjustment	-	(13,076)	-
At end of period	27,293,755	(89,737)	(23,317,293)

Company

	Share premium account	Profit and loss account
	£	£
At beginning of period	27,293,743	(22,633,217)
Loss for the period	-	(6,096,251)
At end of period	27,293,743	(28,729,468)

Notes *(continued)*

16 Related party disclosures

	Administrative expenses incurred from	
	2017	**2016**
	£	**£**
Entities with control, joint control or significant influence	232,000	329,424
Entities over which Company has control, joint control or significant influence	5,190,160	4,338,262
Key management personnel of the Company	177,924	188,696
At 31 December 2017	**5,600,084**	**4,856,382**

These administrative expenses include compensation for directors services, advisory services, key management compensation and management charges.

	Creditors outstanding	
	At 31 December 2017	**At 31 December 2016**
	£	**£**
Entities with control, joint control or significant influence	18,333	13,833
Entities over which Company has control, joint control or significant influence	5,118,496	(954,557)
Key management personnel of the Company	14,827	12,530
	5,151,656	(928,194)

17 Post balance sheet events

In September 2017 a former employee of the Israeli subsidiary initiated a lawsuit against the Israeli subsidiary in the amount of approximately GBP 80,000, claiming damages resulting from the Israeli subsidiary's alleged failure to properly make deposits to her pension fund, resulting in her pension fund denying her coverage for disability benefits. The company has not yet filed its answer to the complaint. The former employee passed away in October 2017 and her estate filed a request to amend the complaint to add claims for life survivor pensions benefits. The request did not state the amount of the amended claim The company has been advised by its lawyers that it has good arguments in their favour, which will more likely than not be successful.

In 2018, the Company received equity investments totaling £3,250,000 consisting of £2,250,000 from GLOBAL FINTEC SOLUTIONS S.C.A. on 25 January 2018 and £1,000,000 from Honeycomb Investment Trust PLC on 13 April 2018.

On March 20, 2018, the Company effected a 1:100 subdivision of the share capital of the Company, such that each Ordinary Share of £0.01each in the Company was subdivided into 100 Ordinary Shares of £0.0001each, and each Preferred A Share of £0.01each in the Company was subdivided into 100 Preferred A Shares of £0.0001each.