

COMPANY REGISTRATION NUMBER 09597755

DIGITAL MONEYBOX LTD
FINANCIAL STATEMENTS
31 MAY 2019



DIGITAL MONEYBOX LTD
FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2019

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DIGITAL MONEYBOX LTD
DIRECTORS AND ADVISORS
YEAR ENDED 31 MAY 2019

B Stanway	Director
C Mortimer	Director
D Bradley	Non-Executive Director
D Godfrey	Non-Executive Director
A Advani	Non-Executive Director (Appointed 31 January 2019)
Registered office:	1.07, 1-2 Hatfields, London, SE1 9PG
Company registration number:	09597755
Bankers:	Santander UK PLC, 2 Triton Square, Regent's Place, London, NW1 3AN

DIGITAL MONEYBOX LTD
STRATEGIC REPORT
YEAR ENDED 31 MAY 2019

The directors present that strategic report of Digital Moneybox Limited (“the Company”) for the year ended 31 May 2019.

Principal activity

The company provides applications which enable customers to make regular investments into simple low-cost tracker funds via tax efficient products, such as an ISA, Lifetime ISA, or a personal pension, and cash savings through the Lifetime ISA product.

The business has a clearly defined strategy to leverage technology within the markets in which it operates to deliver a beautiful customer experience whilst driving customer and revenue growth.

On 19 June 2018, the company completed its Series B funding round. The company raised £13,972,153 with a new lead investor, Eight Roads Holding Ltd, becoming a shareholder.

Business review

The results for the year ended 31 May 2019 are set out in the Statement of Comprehensive income on page 12.

Company revenue increased in the year under review as it completed its first full year of trading. Revenues increased by 122% to £1,098,112 (2018: £493,698 *restated*). Gross profit is £211,787 (2018: £20,866 *restated*), with gross margin increasing to 19% (2018: 4% *restated*). EBITDA is -£4,673,281 (2018: -£2,611,105 *restated*). EBITDA losses have widened from the prior year predominantly due to increased marketing activity, product development, and growth of headcount.

Financial key performance indicators

The financial key performance indicators used in the business during the year are: revenue, gross profit, and EBITDA. The performance of the business in terms of these indicators is described above.

Principal risks and uncertainties

Business risks

The principal activities of the business are the provision of applications, currently delivered via mobile devices. Key risks associated with this include the continuity of underlying technology and systems infrastructure, and the safeguarding of client information.

The company’s operation depends on complex, interconnected information technology systems and networks. To protect the confidentiality, integrity, and availability of these systems, networks, and the data that they store, process and transmit, the company has implemented a layered defence strategy. Reliance is on technology and human processes to safeguard member data at all layers of the enterprise.

The company’s strategy is to balance the strength of its technical controls with their usability. This ensures appropriate controls are embedded within the process, starting with design and moving on to operations. The goal of the information security policy is to counter the security threats to the member and customer information we store, process and transmit.

DIGITAL MONEYBOX LTD
STRATEGIC REPORT (CONTINUED)
YEAR ENDED 31 MAY 2019

An external third party is employed to perform a comprehensive security review of the mobile phone applications on an annual basis. It identifies risks, validates compliance, and in turn reduces the likelihood of data breaches.

The company's infrastructure has been constructed with reliability and availability at the forefront. All processing systems, databases and networks are independent, so no single component can bring down the system. At the application level this allows for the occurrence of sustained multiple failures before system performance degrades.

As part of its governance structure the company has an Information Security Policy. An Information Security Management Committee (ISMC) has been put in place to oversee the policy and to support the identification and management of information security risks. The ISMC utilises the risk management processes contained in the policy to identify vulnerabilities, threats and mitigating controls associated with Moneybox's business, processes, people, technologies and services.

Foreign Exchange risk, liquidity risk and credit risk

The company is exposed to foreign exchange risk which is the risk of making financial loss through regular international trading activity. The company's exposure is due to several major suppliers requiring payment in US Dollars. The principal objective of the Company's treasury policy is the management and control of risks that arises as a result of foreign currency transactions. It is a fundamental principal that the company does not speculate in the currency market.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. It is managed through a rolling cash flow forecast.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that party by failing to discharge an obligation. The revenue is generated, billed and settled directly from customer balances therefore the company does not hold any credit risk directly with customers. This transaction is completed using the client records outsourcer who are pro-actively monitored.

Macroeconomic risk

The global financial and economic situation may have an impact on customer holdings and therefore the Company's revenue generation through annual platform charge fees. If the global financial markets suffer a prolonged downturn this may result in customers removing their holdings from stocks and shares based products into cash products, thus lowering demand for the service.

Monitoring of risks

The company has developed a culture of building into every decision, commercial, technical or financial, a risk-assessment process both at the outset and on an on-going basis. As such, the business maintains a risk register to record the risks to the business. The register is regularly reviewed to ensure that it represents a reflection of the risks that the company faces.

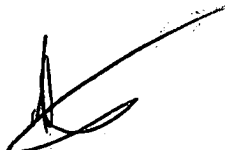
DIGITAL MONEYBOX LTD
STRATEGIC REPORT (CONTINUED)
YEAR ENDED 31 MAY 2019

Future development

It is the directors' intention to invest in the business during the next financial year and specifically, to increase the number of employees across all departments to grow the business. Further development will involve the launch of new products under the Moneybox brand.

Approval

The strategic report was approved by order of the board on 23rd September 2019.



B Stanway
Director

DIGITAL MONEYBOX LTD
DIRECTORS REPORT
YEAR ENDED 31 MAY 2019

The directors present their report and the audited financial statements of the company for the year ended 31 May 2019.

Results and dividends

The loss for the year, after taxation, amounted to £5,132,420 (2018: £2,931,912 *restated*). Dividends of £nil were declared and paid during the year (2018: £nil).

Political donations

The company has not made any political donations in the financial years (2018: £nil).

Going concern

The directors consider it appropriate to prepare the financial statements on a going concern basis. Further disclosure is given in note 1.5 to the financial statements.

Research and development

The directors regard the investment in research and development as integral to the continuing success of the business and ensuring our products remain a strong player in this sector. The development is capitalised and is included within note 11 to the financial statements.

Directors

The directors who served the company during the year were as follows:

B Stanway
C Mortimer
D Bradley
D Godfrey
A Advani (Appointed 31 January 2019)

Information provided to the auditors

Each of the directors, at the date the directors report is approved, confirm that;

- So far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and;
- They have taken all steps that a director ought to take in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Employees

The Company continues to place a high emphasis on mutually beneficial relationships with its employees whom it regards as essential to the Company's future prosperity. Consultation with employees occurs at all levels, with the aim of ensuring that their views are considered when decisions

DIGITAL MONEYBOX LTD
DIRECTORS REPORT (CONTINUED)
YEAR ENDED 31 MAY 2019

are made that are likely to affect their interests. Similarly, all employees are aware of the financial and economic performance of the Company.

The Company puts great emphasis on providing equality of opportunity for all employees and ensures that fair selection and development procedures apply. The aim of the policy is to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, sex, sexual orientation, disability, marital status, colour, religion, race, or ethnic origin, or is disadvantaged by conditions or requirements which cannot be shown to be justifiable. In the event of an employee becoming disabled whilst in the Company's employment, measures will be taken to ensure to ensure that they can continue in their employment as far as is practical.

Financial risk managements

Refer to the Strategic Report for further details.

Post balance sheet events

On 26 July 2019 the members of the company passed a special resolution to allow the company to reduce its share capital by transfer of the share premium to a distributable reserve account. The required documents were submitted to Companies House on 8 August 2019.

On 6 August 2019 13,015 ordinary shares were issued for £130.15. There were no expenses on the issue of the shares.

DIGITAL MONEYBOX LTD
STATEMENT OF DIRECTORS RESPONSIBILITIES
FOR THE YEAR ENDED 31 MAY 2019

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

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

Approved by the directors on 23rd September 2019.

By order of the board



B Stanway
Director

DIGITAL MONEYBOX LTD
INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF DIGITAL MONEYBOX LIMITED
YEAR ENDED 31 MAY 2019

Opinion

We have audited the financial statements of Digital Moneybox Limited ("the Company") for the year ended 31 May 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other matter

The comparative period figures for the year ended 31 May 2018 are unaudited.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic report and the Directors report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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, we have not identified material misstatements in the Strategic report and Director's report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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.

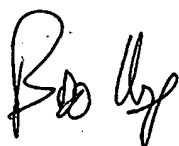
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the 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.



Matthew Hopkins (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, United Kingdom
W1U 7EU
23rd September 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

DIGITAL MONEYBOX LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2019

		Year ended 31 May 2019	Year ended 31 May 2018
			<i>(Restated)</i>
	Note	£	£
Revenue	4	1,098,112	493,698
Cost of Sales		(886,325)	(472,832)
Gross Profit		211,787	20,866
Distribution costs		(2,820,803)	(1,449,866)
Administrative expenses		(2,908,043)	(1,669,684)
Other operating income	7	350,707	169,084
Loss before interest and taxation		(5,166,352)	(2,929,600)
Interest Receivable	10	23,633	2,939
Loss before Tax		(5,142,719)	(2,926,661)
Income tax (expense) / credit	11	1,127	(10,817)
Loss for the year		(5,141,592)	(2,937,478)
Share based payments		9,172	5,566
Total comprehensive income for the year		(5,132,420)	(2,931,912)

All activities of the company are classed as continuing.

The notes on pages 17 to 34 form part of these financial statements.

DIGITAL MONEYBOX LTD
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MAY 2019

		2019	2018
		£	£
	Note		<i>(Restated)</i>
Non-current assets			
Property, Plant and equipment	13	89,034	27,026
Intangible Assets	12	1,908,666	1,389,400
		1,997,700	1,416,426
Current assets			
Trade and other receivables	14	1,187,368	781,912
Cash and cash equivalents		8,886,104	827,661
		10,073,472	1,609,573
Total Assets		12,071,172	3,025,999
Current liabilities			
Trade and other payables	15	(492,192)	(305,068)
		(492,192)	(305,068)
Non-current liabilities			
Deferred income tax liabilities	16	(93,754)	(94,881)
		(93,754)	(94,881)
Total liabilities		(585,946)	(399,949)
Net assets		11,485,226	2,626,050
Equity			
Ordinary shares	17	29	21
Share premium		21,335,340	7,363,191
Share based payment reserve	18	33,023	13,584
Retained earnings		(9,883,166)	(4,750,746)
Total Equity		11,485,226	2,626,050

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The notes on pages 17 to 34 form part of these financial statements.

The accounts were approved by the directors and authorised for issue on 23rd September 2019, and are signed on their behalf by:

A handwritten signature in black ink, consisting of a large, sweeping curve that starts from the left and ends on the right, with a small loop at the beginning.

B Stanway
Director

Company registration number: 09597755

DIGITAL MONEYBOX LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2019

	Note	Called-up share capital	Share premium	Share based payment reserve	Retained earnings	Total Equity
Balance at 1 June 2017		21	7,356,083	-	(2,121,240)	5,234,864
Prior year restatements			6,972	-	302,406	309,378
Restated total equity at beginning of the financial year		21	7,363,055	-	(1,818,834)	5,544,242
Loss for the year		-	-	-	(2,937,478)	(2,937,478)
Other comprehensive income		-	-	(5,566)	5,566	-
Total comprehensive income for the year		-	-	(5,566)	(2,931,912)	(2,937,478)
Share based payment charge		-	-	19,150	-	19,150
Proceeds from shares issued		-	136	-	-	136
Total transactions with owners, recognised directly in equity		-	136	19,150	-	19,286
Balance at 31 May 2018		21	7,363,191	13,584	(4,750,746)	2,626,050
Balance at 1 June 2018		21	7,363,191	13,584	(4,750,746)	2,626,050
Loss for the year		-	-	-	(5,141,592)	(5,141,592)
Other comprehensive income		-	-	(9,172)	9,172	-
Total comprehensive income for the year		-	-	(9,172)	(5,132,420)	(5,141,592)
Share based payment charge		-	-	28,611	-	28,611
Proceeds from shares issued		8	13,972,149	-	-	13,972,157
Total transactions with owners, recognised directly in equity		8	13,972,149	28,611	-	14,000,768
Balance at 31 May 2019	16	29	21,335,340	33,023	(9,883,166)	11,485,226

The notes on pages 17 to 34 form part of these financial statements.

DIGITAL MONEYBOX LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2019

	Note	2019	2018
Net cash generated from operating activities	18	(4,837,949)	(2,640,305)
Cash flow from investing activities			
Purchase of intangible assets		(985,845)	(650,580)
Purchase of tangible assets		(89,920)	(8,781)
Net cash used in investing activities		(1,075,765)	(659,361)
Cash flow from financing activities			
Issue of share capital		13,972,157	136
Net cash from financing activities		13,972,157	136
Net increase / (decrease) in cash and cash equivalents		8,058,443	(3,299,530)
Cash and cash equivalents at the beginning of the year		827,661	4,127,191
Cash and cash equivalents at the end of the year		8,886,104	827,661
Cash and cash equivalents		8,886,104	827,661

The notes on pages 17 to 34 form part of these financial statements.

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2019

1. Accounting policies

1.1 General information

Digital Moneybox Limited (“the company”) owns, develops, and operate a mobile application platform that allows individuals to open tax-efficient accounts to enable investments in simple tracker funds.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is 1.07, 1-2 Hatfields, London, SE1 9PG.

1.2 Statement of compliance

The financial statements of Digital Moneybox Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standards 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS102”) and the Companies Act 2006.

1.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statement are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.4 Basis of preparation

These financial statements are prepared on going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

1.5 Going concern

The company meets its day to day working capital requirements through its bank balance. The company’s forecasts and projections, taking into account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its available bank balance. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

1.6 Exemptions for qualifying entities

The company has not taken advantage of any of the FRS 102 disclosure exemptions available to qualifying entities.

1.7 Foreign currency

i) Functional and presentation currency - The company's functional and presentation currency is pound sterling. Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

ii) 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 profit and loss account.

Foreign exchange gains and losses, presented in the profit and loss account, are within 'Administration costs'.

1.8 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of returns, and discounts allowed by the company and value added taxes.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the service; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the each of company's sales channels have been met, as described below.

i) Subscription revenue

The subscription revenue is revenue earned from customers for the provision of the Moneybox service, where the risk and rewards are transferred to the customer over the monthly period. In the event the customer withdraws their balance from

DIGITAL MONEYBOX LTD DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

Moneybox, effectively no longer using the service, then no revenue is recognised for that revenue month.

ii) Annual platform charge revenue

The annual platform charge revenue is revenue earned from a customer balance that is under administration with the company. The administration services are evenly provided evenly over time and therefore the revenue is calculated daily and then billed monthly. Therefore, the revenue is recognised as the risk and rewards of the service are passed to the customer.

iii) Other revenue

This comprises of revenue relating to the Moneybox+ service and transfer administration. Upon delivery of the service, the point at which risk and reward is passed to the customer the revenue is recognised.

1.9 Pension Costs

The company operates a defined contribution pension plan for employees. The defined contribution plan is a pension plan under which the company pays fixed contributions into a employees account with a defined contribution pension provider. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in trade and other payables in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.10 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

1.10 Taxation (continued)

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

1.11 Share based payments

The company issues equity settled share-based payments to its employees. The fair value of the options at the date of grant is charged to profit or loss on a straight-line basis over the vesting period, based on the estimate of options that are expected to vest.

The fair value of the share options has been calculated using the Black-Scholes option pricing model. The weighted fair value of the underlying shares has been estimated by management based on recent transactions, and the expected life has been adjusted, based on management's best estimate, for the effects restrictions and behavioural considerations.

1.12 Intangible assets

Internally generated software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of five years, on a straight-line basis.

Intangible assets are recognised if and only if specific criteria are met in order to demonstrate that the asset will generate future economic benefits and the costs can be reliably measured.

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

1.12 Intangible assets (continued)

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, then the residual value, useful life or amortisation rate are amended to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

1.13 Tangible assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

i) Property, Plant and Equipment

IT Equipment, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment losses.

ii) Depreciation and residual values

Depreciation on assets is calculated using the straight-line method, to allocate the cost to their residual values, over their estimated useful lives, the following depreciation rates are used:

- IT Equipment - over 3 years
- Fixtures and fittings - over 5 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

iii) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

1.14 Cash and cash equivalents

The company only includes cash within this classification.

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

1.15 Provisions and contingencies

i) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

ii) Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

The company does not have any contingent liabilities or assets.

1.16 Share capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Called up share capital represents the nominal value of the shares issued. The share premium account includes the premium on the issue of equity, net of any issue costs,

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

1.16 Share capital and reserves (continued)

Retained earnings/accumulated losses represents the cumulative profits or losses, net of dividends paid and other adjustments.

1.17 Related party transactions

The company discloses transactions with related parties.

1.18 Operating lease commitments

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

2 Critical Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgement

Useful economic lives of tangible and intangible assets

The annual depreciation charge for tangible and intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the tangible assets.

See note 12 and 13 for the carrying value of the intangible and tangible and note 1.12 and note 1.13 for the useful economic lives for each of the asset classes.

3 Prior year adjustments

There have been three prior year adjustments made in the financial statements, one of which are corrections of errors and one is due to the realisation of the contingent asset detailed in the prior year financial statements:

i) Overstatement of trade creditors

It was identified during the year that a balance within the trade creditors had been recorded twice in the prior. The impact of this misstatement to opening reserves is £12,753 for 2019.

ii) Realisation of VAT

In the prior year financial statements, the company outlined that it was in discussion with HMRC around the VAT treatment of its revenue streams. After extensive discussion with HMRC it was determined that the company was due a refund pertaining to both the current and prior year. The impact of this misstatement to opening reserves is £431,433.

iii) Share-based payments

The share-based payments charge was not correctly charged in the prior year. The impact of this misstatement to opening retained earnings and share based payment reserve is £9,978.

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

4 Analysis of revenue

The revenue and profit before income tax are attributable to the principal activity of the Company.

Analysis of revenue by geography:

	2019	2018 <i>(Restated)</i>
	£	£
United Kingdom	1,098,112	493,698
	<u>1,098,112</u>	<u>493,698</u>

Analysis of revenue by class of business:

	2019	2018 <i>(Restated)</i>
	£	£
Subscription fee	743,337	379,807
Annual platform charge	354,381	83,106
Other revenue	394	30,785
	<u>1,098,112</u>	<u>493,698</u>

5 Operating loss

Operating loss is stated after charging:

	Note	2019	2018 <i>(Restated)</i>
		£	£
Staff Costs	8	1,384,203	832,317
Depreciation of tangible fixed assets	13	26,492	10,618
Amortisation of intangible assets	12	466,579	307,877
Operating lease charges		119,805	60,346
Foreign exchange differences		4,563	713

6 Auditor's remuneration

	2019	2018
	£	£
For the audit of the Company's financial statements	12,000	-
For other assurance related services	12,679	-
	<u>24,679</u>	<u>-</u>

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

7 Other operating income

	2019	2018 <i>(Restated)</i>
	£	£
Other Operating Income - Tax Credits	350,707	169,084

Other operating income is research and development tax credits receivable from Her Majesties Revenue & Customs.

8 Employees and directors

Employees

The average monthly number of persons (including executive directors) employed by the company during the year was:

		2019	2018
By Activity		No.	No.
Selling and distribution		3	2
Administration		34	21
		<u>37</u>	<u>23</u>

	Note	2019	2018 <i>(Restated)</i>
		£	£
Wages and salaries		1,167,514	731,890
Social security costs		132,497	78,601
Other pension costs	9	84,192	21,826
Staff Costs		<u>1,384,203</u>	<u>832,317</u>

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

8 Employees and directors (continued)

Directors

The directors' emoluments were are follows:

	2019	2018
	£	£
Wages & salaries	140,945	138,717
Social security	17,115	16,878
Other pension costs	8,062	2,333
	<u>166,122</u>	<u>157,928</u>

Post-employment benefits are accruing for two directors (2018: 2) under a defined contribution scheme. No directors (2018: nil) were members of defined benefit schemes.

No director has a remuneration greater than £200,000 therefore the company is taking the exemption under SI 2008/410.

Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2019	2018
	£	£
Wages & salaries	179,612	144,537
Social security	21,283	17,487
Other pension costs	10,262	2,633
	<u>211,157</u>	<u>164,657</u>

9 Post-employment benefits

The majority of the Company's employees are members of the Company's defined contribution scheme. The Company pays contributions into the scheme and has no further obligations to the employees. The risks associated with this type of plan are assumed by the member. Contributions of £84,192 (2018: £21,826) in respect to the current year are included in the income statement.

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

10 Net interest expense

	2018	2018 <i>(Restated)</i>
	£	£
Bank interest received	23,633	2,939

11 Taxation

a) Tax expense included in loss

	2019	2018 <i>(Restated)</i>
	£	£
Current tax:		
UK Corporation Tax on loss	-	-
Adjustment in respect of prior period	-	-
Total current tax	-	-
Deferred tax:		
Origination and timing differences	(1,127)	10,816
Impact of change in tax rate	-	-
Total deferred tax	(1,127)	10,816
Total tax expense / (credit) recognised	(1,127)	10,816

b) Reconciliation of effective tax rate

	2019	2018 <i>(Restated)</i>
	£	£
Loss before tax	5,141,592	2,926,661
Loss multiplied by the standard rate of tax in the UK of 19%	976,903	556,066
<i>Effects of:</i>		
- Losses not recognised for deferred tax	(976,903)	(556,066)
- Deferred tax on origination and timing differences	(1,127)	10,816
Total tax expense / (credit) recognised	(1,127)	10,816

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

11 Taxation (continued)

c) Tax rate changes

The tax rate for the current year is the same as the prior year, due to changes to the UK corporation tax rates, which decreased from to 19% on 1 April 2017. Changes to the UK corporation tax rate were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

12 Intangible assets

	Software £
<i>Cost</i>	
At 1 June 2018	1,847,682
Additions	985,845
Disposals	(100)
At 31 May 2019	2,833,427
<i>Amortisation</i>	
At 1 June 2018	(458,282)
Disposals	100
Provision for year	(466,579)
At 31 May 2019	(924,761)
<i>Net book value</i>	
At 1 June 2018	1,389,400
At 31 May 2019	1,908,666

The software intangible assets include the company's mobile application platform which was created internally. The asset is carried at £1,904,351 (2018: £1,388,739). The asset is continuing to be developed and therefore the remaining amortisation period ranges from 2 years 2 months to 5 years. There are no other individually material intangible assets. The amortisation charge in the year has been charged through administration expenses.

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

13 Tangible assets

	IT Equipment £	Fixtures & Fittings £	Total £
<i>Cost</i>			
At 1 June 2018 (<i>Restated</i>)	40,209	5,629	45,838
Additions	47,602	42,318	89,920
Disposal	(6,359)	(1,624)	(7,983)
At 31 May 2019	81,452	46,323	127,775
<i>Depreciation</i>			
At 1 June 2018 (<i>Restated</i>)	(16,571)	(2,240)	(18,811)
Disposals	5,615	946	6,561
Charge for year	(20,064)	(6,427)	(26,491)
At 31 May 2019	(31,020)	(7,721)	(38,741)
<i>Net book value</i>			
At 1 June 2018	23,638	3,388	27,026
At 31 May 2019	50,432	38,602	89,034

The depreciation charge in the year has been charged through administration expenses.

14 Debtors

	2019 £	2018 (<i>Restated</i>) £
Other Debtors	7,684	22,838
Prepayments & Accrued Income	334,154	164,518
Tax Receivable	845,530	594,556
	1,187,368	781,912

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

15 Creditors: amounts falling due within one year

	2019	2018 <i>(Restated)</i>
	£	£
Trade Creditors	(121,122)	(65,825)
Social security	(64,280)	(35,400)
Other creditors	(49,118)	(24,456)
Accruals and deferred income	(257,672)	(179,388)
	<u>(492,192)</u>	<u>(305,068)</u>

16 Provisions for other liabilities

The company had the following deferred tax liability during the year:

	2019	2018 <i>(Restated)</i>
	£	£
Accelerated capital allowances	(93,754)	(94,881)
	<u>(93,754)</u>	<u>(94,881)</u>

There are unused tax losses however these losses have not been recognised as an asset in the current year.

The net deferred tax liability is expected to decrease in 2019 by £19,276. The primary relates to the depreciation rising faster than capital allowances.

17 Share capital

	2019	2019
	No.	£
Allotted and fully paid		
At 1 June 2017	2,095,917	21
Issued during the year	780,080	8
At 31 May 2018	2,875,997	29

Ordinary shares of £0.00001 each.

On 19 June 2018 158,765 preferred ordinary C shares were issued for £2,845,394. There were no expenses on the issue of the shares.

On 6 August 2018 400 ordinary shares were issued for £4.00. There were no expenses on the issue of the shares.

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

17 Share capital (continued)

On 31 August 2018 210,015 preferred ordinary D shares were issued for £3,763,889. There were no expenses on the issue of the shares.

On 5 October 2018 410,829 preferred ordinary C shares were issued for £7,362,878. There were no expenses on the issue of the shares.

On 18 April 2019 71 ordinary shares were issued for £0.71. There were no expenses on the issue of the shares.

There are five classes of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

18 Share based payments

Digital Moneybox Limited operates an equity-settled share-based remuneration EMI scheme for employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, base on the estimate of shares that will eventually vest. The vesting period for all options is 3 years.

To measure the fair value at grant date the Black-Scholes option pricing model has been used. The inputs into the pricing model are:

	2019	2018
Weighted average share price	£3.58	£1.46
Weighted average exercise price	£0.01	£0.01
Expected volatility	37.37%	26.55%
Expected life	3.45 years	3.49 years
Risk free rate	0.52%	0.51%
Expected dividends	Nil	Nil

The weighted average share price was determined through utilising recent equity transactions adjusted for share class restrictions. The expected volatility was estimated using the historical volatility of the share prices on similar list UK entities. The expected life used in the pricing model was adjusted, based on management's best estimate, for the effect of restrictions and behavioural considerations.

DIGITAL MONEYBOX LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 MAY 2019

18 Share based payments (continued)

	Options Number	2019 Weighted average exercise price (£)	Options Number	2018 Weighted average exercise price (£)
Granted during the year	33,910	£0.01	30,066	£0.01
Exercised	14,536		14,143	
Lapsed	Nil		Nil	
Forfeited	13,299		9,656	
Outstanding at 31 May	79,684	£0.01	73,609	£0.01
Exercisable at 31 May	37,353	£0.01	30,319	£0.01

The exercise price of options outstanding at 31 May 2019 is £0.01 (2018: £0.01), with a weighted average remaining contractual life of 2 years (2018: 2 years). The weighted average fair value of options granted in the year using the Black-Scholes option pricing model was £3.57 per option (2018: £1.45 per option).

19 Notes of the statement of cash flows

	2019	2018
	£	<i>(Restated)</i> £
Operating Profit	(5,141,592)	(2,937,478)
Amortisation of intangible assets	466,579	307,877
Depreciation of tangible assets	27,912	10,618
Share-based payment charge	28,611	19,150
Working capital movements:		
- (Increase)/decrease in debtors	(405,456)	(207,578)
- (Decrease)/increase in payables	185,997	167,106
Cash flow from operating activities	(4,837,949)	(2,640,305)

DIGITAL MONEYBOX LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MAY 2019

20 Operating lease commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payment due	2019	2018
Not later than one year	99,703	23,979
Later than one year and not later than five years	5,905	-
Later than five year	-	-
	<u>105,608</u>	<u>23,979</u>

21 Related party transactions

During the year the company bought £37,966 (2018: £461) of goods from Bloom & Wild Ltd. Mr Stanway, a director the company, is a director and shareholder in Bloom & Wild. The year-end outstanding balance is £730 (2018: £nil).

During the year the company bought £245,319 (2018: £155,484) of services from Quai Administration Services Ltd. Mr Swanston, a key member of management, is a shareholder in Quai Administration Services Ltd. The year-end outstanding balance is £nil (2018: £nil).

See note 8 for disclosure of the directors' remuneration and key management compensation.

22 Ultimate controlling party

There is no ultimate controlling party, no individual shareholder is a person of significant control.

23 Pillar 3 disclosure

The pillar 3 disclosure can be found at <http://www.moneyboxapp.com/regulatory>

24 Events after the end of the reporting period

On 26 July 2019 the members of the company passed a special resolution to allow the company to reduce its share capital by transfer of the share premium to a distributable reserve account. The required documents were submitted to Companies House on 8 August 2019.

On 6 August 2019 13,015 ordinary shares were issued for £130.15. There were no expenses on the issue of the shares.