

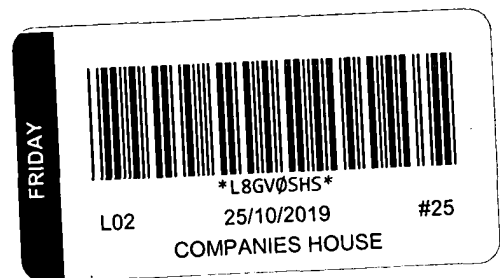
Chip Financial Ltd

Unaudited Financial Statements

Year Ended

30 April 2019

Company Number 10113174



Chip Financial Ltd

Company Information

Directors	Richard Spencer Frank (appointed 1 May 2018) Simon Rabin
Registered number	10113174
Registered office	232 Shoreditch High Street London England E1 6PJ

Chip Financial Ltd

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Chip Financial Ltd
Registered number: 10113174

Statement of Financial Position
As at 30 April 2019

	Note	2019 £	As restated 2018 £
Fixed assets			
Tangible assets	5	37,057	4,777
Investments		1	-
		<u>37,058</u>	<u>4,777</u>
Current assets			
Debtors: amounts falling due within one year	7	81,533	341,641
Cash at bank and in hand	8	2,170,122	330,991
		<u>2,251,655</u>	<u>672,632</u>
Creditors: amounts falling due within one year	9	(733,984)	(463,696)
Net current assets		<u>1,517,671</u>	208,936
Total assets less current liabilities		<u>1,554,729</u>	213,713
Net assets		<u><u>1,554,729</u></u>	<u><u>213,713</u></u>
Capital and reserves			
Called up share capital		3	2
Share premium account		5,301,946	1,230,205
Profit and loss account		(3,747,220)	(1,016,494)
		<u>1,554,729</u>	<u>213,713</u>

Chip Financial Ltd
Registered number: 10113174

Statement of Financial Position (continued)
As at 30 April 2019

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.

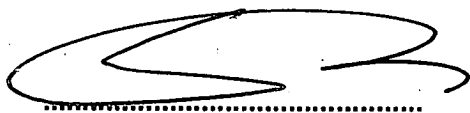
The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

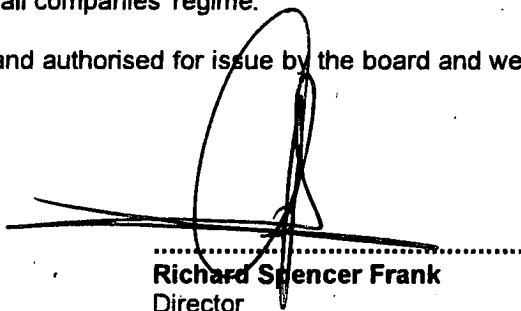
The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

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 on 23 October 2019.



.....
Simon Rabin
Director



.....
Richard Spencer Frank
Director

The notes on pages 4 to 12 form part of these financial statements.

Chip Financial Ltd

Statement of Changes in Equity For the Year Ended 30 April 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 May 2018	2	1,230,205	(1,016,494)	213,713
Comprehensive income for the year				
Loss for the year	-	-	(2,845,775)	(2,845,775)
Share options movement	-	-	115,049	115,049
Shares issued during the year	1	4,071,741	-	4,071,742
At 30 April 2019	3	5,301,946	(3,747,220)	1,554,729

The notes on pages 4 to 12 form part of these financial statements.

Statement of Changes in Equity For the Year Ended 30 April 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 May 2017	2	137,665	(195,413)	(57,746)
Comprehensive income for the year				
Loss for the year	-	-	(821,081)	(821,081)
Shares issued during the year	-	1,092,540	-	1,092,540
At 30 April 2018	2	1,230,205	(1,016,494)	213,713

The notes on pages 4 to 12 form part of these financial statements.

Chip Financial Ltd

Notes to the Financial Statements For the Year Ended 30 April 2019

1. General information

Chip Financial Ltd is a private company, limited by shares, domiciled in England and Wales, registration number 10113174. The registered office and trading address is 232 Shoreditch High Street, London, E1 6PJ.

The principal activity of the company is providing financial intermediation services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis as the director has confirmed that he will continue to support the company for the foreseeable future and meet the excess liabilities if the company is unable to do so.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is pound sterling.

Transactions and balances

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

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

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

2.4 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.

Chip Financial Ltd

Notes to the Financial Statements For the Year Ended 30 April 2019

2. Accounting policies (continued)

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

Chip Financial Ltd

Notes to the Financial Statements For the Year Ended 30 April 2019

2. Accounting policies (continued)

2.7 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.8 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Office equipment	-	25% Straight line basis
Computer equipment	-	25% Straight line basis

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.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Chip Financial Ltd

Notes to the Financial Statements For the Year Ended 30 April 2019

2. Accounting policies (continued)

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 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.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

3. Employees

The average monthly number of employees, including directors, during the year was 20 (2018 - 4).

4. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	-	(209,244)
	-	(209,244)
Total current tax	-	(209,244)
Deferred tax		
Origination and reversal of timing differences	164,454	-
Total deferred tax	164,454	-
Taxation on profit/(loss) on ordinary activities	164,454	(209,244)

Chip Financial Ltd

Notes to the Financial Statements For the Year Ended 30 April 2019

4. Taxation (continued)

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2018 - 19%).

5. Tangible fixed assets

	Long-term leasehold property £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 May 2018	-	1,561	3,773	5,334
Additions	100	1,603	34,266	35,969
At 30 April 2019	100	3,164	38,039	41,303
Depreciation				
At 1 May 2018	-	432	125	557
Charge for the year on owned assets	-	435	3,254	3,689
At 30 April 2019	-	867	3,379	4,246
Net book value				
At 30 April 2019	100	2,297	34,660	37,057

6. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
Additions	1
At 30 April 2019	1

Chip Financial Ltd

Notes to the Financial Statements For the Year Ended 30 April 2019

6. Fixed asset investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Mobitech SIA	Kalku Str 8, Riga LV-1050	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2018 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Mobitech SIA	(14,768)	(11,218)

7. Debtors

	2019 £	2018 £
Other debtors	47,134	169,893
Prepayments and accrued income	34,399	7,294
Deferred taxation	-	164,454
	81,533	341,641

8. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	2,170,122	330,991
	2,170,122	330,991

Chip Financial Ltd

Notes to the Financial Statements For the Year Ended 30 April 2019

9. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	202,999	160,147
Amounts owed to group undertakings	1	-
Other taxation and social security	25,722	8,469
Other creditors	270,648	267,745
Accruals and deferred income	234,614	27,335
	<u>733,984</u>	<u>463,696</u>

10. Share capital

	2019 £	As restated 2018 £
Allotted, called up and fully paid		
25,222,571 (2018 - 21,940,622) A Ordinary shares shares of £0.0000001 each	2	2
7,567,496 (2018 - 2,641,100) B Investment shares of £0.0000001 each	1	-
	<u>3</u>	<u>2</u>

During the year 3,281,949 A Ordinary shares were issued for a consideration of £1,483,534 and 4,926,668 B Investment shares were issued for a consideration of £2,591,244.

Chip Financial Ltd

Notes to the Financial Statements For the Year Ended 30 April 2019

11. Share based payments

The Company operates two share options schemes. The first is an HMRC approved Company Share Option scheme ('EMI'), where awards can be made to employees subject to conditions. The strike price for these options is set according to the fair market share price at the time of issue as agreed with HMRC. The fair market share price was based on the pricing achieved in the funding round immediately preceding the issuances, since the shares aren't actively traded. The second scheme is a Non-EMI scheme.

For accounting purposes, the fair market share price was evaluated on a quarterly basis through a valuation exercise conducted by management, which considered relevant metrics such as revenue and contribution exit multiples. Where there was an external valuation (eg through fundraising) close to the date of the internal valuation, management have used the external valuation for purposes of calculating share based payments. The Company measures the cost of equity-settled options based on the fair value of the awards granted. The fair value is determined based on the Black-Scholes valuation model since the share options aren't actively traded. Using an option valuation model to determine the fair value means including highly subjective assumptions including the expected price volatility, expected life of the award and dividend yield. Changes in the subjective assumptions can materially affect the fair value estimates.

The main assumptions that have been used in deriving the value of the options at grant are:

Risk free rate — 0.82%

Volatility — 40%

Dividend yield — nil

The fair value of options at grant date has been recognised as an employee expense with a corresponding increase in other reserves over the period that the employees become unconditionally entitled to the awards. The total expense in the year ended 30 April 2019 was £115,049 (2018: £0).

The range of exercise prices for the EMI share options remaining is £0.221371 – £0.525962. The weighted average remaining life of the EMI and non-EMI share options is 9.5 years, whilst the weighted average fair value of the options at grant date was £0.064459. The company granted 2,594,290 EMI options (2018: Nil) and 525,000 Non-EMI options (2018: Nil) during the year.

There have been no modifications to share-based payment transactions which resulted in a change in their classification from cash-settled to equity-settled.

12. Prior year adjustment

Share capital and share premium balances have been restated by reallocating £494 (2018 - £68,832) from share capital to the share premium account in the prior year, due to the prior year balances been recognised incorrectly.

Chip Financial Ltd

Notes to the Financial Statements For the Year Ended 30 April 2019

13. Commitments under operating leases

At 30 April 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	12,800	4,980
	<u>12,800</u>	<u>4,980</u>

14. Controlling party

In the opinion of the directors there is no single controlling party.