

# Chip Financial Ltd

Unaudited Financial Statements

Period Ended

31 December 2019

Company Number 10113174



# Chip Financial Ltd

## Company Information

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<b>Directors</b>	R S Frank S Rabin
<b>Registered number</b>	10113174
<b>Registered office</b>	Chancery House 64 Chancery Lane London England WC2A 1QU
<b>Accountants</b>	BDO LLP 150 Aldersgate Barbican London EC1A 4AB

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# Chip Financial Ltd

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**Chip Financial Ltd**  
Registered number: 10113174

**Statement of Financial Position**  
As at 31 December 2019

	Note	31 December 2019 £	30 April 2019 £
<b>Fixed assets</b>			
Tangible assets	5	98,868	37,057
Investments	6	1	1
		<u>98,869</u>	<u>37,058</u>
<b>Current assets</b>			
Debtors	7	576,015	81,533
Cash and cash equivalents		2,983,284	2,170,122
		<u>3,559,299</u>	<u>2,251,655</u>
Creditors: amounts falling due within one year	8	(640,604)	(733,984)
<b>Net current assets</b>		<u>2,918,695</u>	<u>1,517,671</u>
<b>Total assets less current liabilities</b>		<u>3,017,564</u>	<u>1,554,729</u>
<b>Net assets</b>		<u><u>3,017,564</u></u>	<u><u>1,554,729</u></u>
<b>Capital and reserves</b>			
Share capital	9	4	3
Share premium account		9,709,088	5,301,946
Retained earnings		(6,691,528)	(3,747,220)
		<u>3,017,564</u>	<u>1,554,729</u>

**Chip Financial Ltd**  
**Registered number: 10113174**

**Statement of Financial Position (continued)**  
**As at 31 December 2019**

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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 period 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 by:

*Simon Rabin*

.....  
**S Rabin**  
Director

Date: 05/21/2020

The notes on pages 3 to 10 form part of these financial statements.

# Chip Financial Ltd

## Notes to the Financial Statements For the Period Ended 31 December 2019

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### 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 Chancery House, 64 Chancery Lane, London, England, WC2A 1QU.

### 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 preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

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 directors have confirmed that they 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 'administrative expenses'.

#### 2.4 Operating leases

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

#### 2.5 Research and development

Expenditure on research and development is recognised as an expense in the period in which it is incurred.

# Chip Financial Ltd

## Notes to the Financial Statements For the Period Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 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.

#### 2.7 Current and deferred taxation

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.

# Chip Financial Ltd

## Notes to the Financial Statements For the Period Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.8 Tangible fixed assets (continued)

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:

Leasehold property	- Over the lease term
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.

#### 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 ordinary shares.

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

The directors have made no key judgements or estimates in preparing these financial statements.



# Chip Financial Ltd

## Notes to the Financial Statements For the Period Ended 31 December 2019

### 4. Employees

The average monthly number of employees, including directors, during the period was 30 (30 April 2019 - 20).

### 5. Tangible fixed assets

	Leasehold property £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 May 2019	100	3,164	38,039	41,303
Additions	2,900	2,943	68,370	74,213
At 31 December 2019	<u>3,000</u>	<u>6,107</u>	<u>106,409</u>	<u>115,516</u>
<b>Depreciation</b>				
At 1 May 2019	-	867	3,379	4,246
Charge for the period	196	511	11,695	12,402
At 31 December 2019	<u>196</u>	<u>1,378</u>	<u>15,074</u>	<u>16,648</u>
<b>Net book value</b>				
At 31 December 2019	<u>2,804</u>	<u>4,729</u>	<u>91,335</u>	<u>98,868</u>
At 30 April 2019	<u>100</u>	<u>2,297</u>	<u>34,660</u>	<u>37,057</u>

### 6. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 May 2019	1
At 31 December 2019	<u>1</u>

# Chip Financial Ltd

## Notes to the Financial Statements For the Period Ended 31 December 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 2019 and the profit or loss for the period ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Mobitech SIA	(19,559)	(7,036)

### 7. Debtors

	31 December 2019 £	30 April 2019 £
Other debtors	453,176	47,134
Prepayments and accrued income	122,839	34,399
	<u>576,015</u>	<u>81,533</u>

### 8. Creditors: Amounts falling due within one year

	31 December 2019 £	30 April 2019 £
Trade creditors	111,689	202,999
Amounts owed to group undertakings	1	1
Other taxation and social security	71,790	25,722
Other creditors	9,175	270,648
Accruals and deferred income	447,949	234,614
	<u>640,604</u>	<u>733,984</u>

# Chip Financial Ltd

## Notes to the Financial Statements For the Period Ended 31 December 2019

### 9. Share capital

	31 December 2019 £	30 April 2019 £
<b>Allotted, called up and fully paid</b>		
26,380,784 (30 April 2019 - 25,222,843) A Ordinary shares of £0.0000001 each	3	2
10,659,844 (30 April 2019 - 7,567,496) B Investment shares of £0.0000001 each	1	1
	<u>4</u>	<u>3</u>

On 24 October 2019, the company issued 602,881 A Ordinary shares with a nominal value of £0.0000001, at a premium of £1.03690403 per share.

On 11 November 2019, the company issued 555,060 A Ordinary shares and 3,092,348 B Investment shares, both with a nominal value of £0.0000001. Both types were issued at a premium of £1.03690403 per share.

A Ordinary shares carry full rights with respects to voting, dividends and distributions.

B Investment shares carry no pre-emption rights, nor the right to vote or speak at any general meeting of the company.

In all other respects A Ordinary and B Investments shares rank pari passu in all respects.

# Chip Financial Ltd

## Notes to the Financial Statements For the Period Ended 31 December 2019

### 10. Share based payments

The Company operates two share option 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

Deflation — 90% (B EMI/ Non EMI Options)

The fair value of options at grant date has been recognised as an employee expense with a corresponding increase in retained earnings over the period that the employees become unconditionally entitled to the awards. The total expense in the period ended 31 December 2019 was £55,914 (year to 30 April 2019 - £115,049).

The range of exercise prices for the EMI share options remaining is £0.221371 – £1.036904. 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 £0.0995141.

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

	<b>8 months ended 31 December 2019 Number</b>	<b>Year ended 30 April 2019 Number</b>
Outstanding at the beginning of the year/period	3,119,290	-
Granted during the year/period	2,207,151	3,119,290
Forfeited during the year/period	(430,000)	-
<b>Outstanding at the end of the year</b>	<b>4,896,441</b>	<b>3,119,290</b>

# Chip Financial Ltd

## Notes to the Financial Statements For the Period Ended 31 December 2019

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### 11. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2019 £	30 April 2019 £
Not later than 1 year	90,551	12,800
	<u>90,551</u>	<u>12,800</u>

### 12. Controlling party

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