

Ezbob Ltd

Directors' report and consolidated financial statements

Registered number 07852687
31 December 2019



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Company Information

Directors	T Guriel G Aharoni A. Littner - Resigned on May 12, 2020 R. Ben Menachem - Appointed on June 10, 2020 S. Mazzoli - Appointed on June 3, 2020 L. McMurray - Appointed on June 2, 2020
Company number	07852687
Registered office	120 New Cavandish street London W1W 6XX
Auditors	KPMG LLP 15 Canada Square London E14 5GL
Bankers	Silicon Valley Bank UMTB Bank

Report of the Directors

Principal activity

Ezbob Ltd is a fintech company specializing in end to end digital lending and Smart Onboarding for bank accounts solutions for financial institutions. Ezbob main activity is white labeling its solution.

Review of business

Ezbob continued in 2019 its activity of white labeling its digital lending solution to financial institutions in the EU. The company invested in growing its operations, the team and other resources to enable more growth and scalability.

Proposed dividend

The directors do not recommend the payment of a dividend for the financial year ending 31 December 2019 (2018: £nil).

Directors

The directors who held office during the period were as follows:

T. Guriel

G. Aharoni

R. Ben Menachem - Appointed on June 10, 2020

S. Mazzoli - Appointed on June 3, 2020

L. McMurray - Appointed on June 2, 2020

A. Littner - Resigned on May 12, 2020

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

Going concern

The financial statements have been prepared on the going concern basis notwithstanding the Group's loss for the year of 2019: £2,995,895 (2018: £5,028,832), net current liabilities of £289,165 (2018: net current assets £3,293,161), and net liabilities of £897,927 (2018: net assets of £2,126,172).

In performing this assessment the Directors have reviewed the Group's operations, existing available financing facilities, and cash flow forecasts for 12 months from the date of signing these financial statements.

During 2019 the business continued to expand its customer base and costs have exceeded revenue which is in line with the director's expectations. In preparing these forecasts, the Directors have considered the strong revenue growth in the first half of 2020 together with the uncertainty of Covid-19 and its impact on short and medium term cash liquidity. In this consideration, the directors have taken into account the cash position at the date of signing, debt facility agreements that were signed in 2020, and the ongoing business that includes among others the ability to reduced expenses.

Under both its base-case scenario and reasonably plausible downside scenarios, the Directors consider that the Group is well positioned to manage risk during this period of economic uncertainty and is able to realise its assets and discharge its liabilities and commitments in the normal course of business. Severe but plausible downside scenarios only considered contracted revenue and minimal variable revenue streams as a result of reduced lending through the Group's platform. Whilst this is not the directors expectation, and current trading supports this, the Directors consider there are sufficient cost reduction measures which are available and in their control to preserve cash flow and to continue to operate within its available financing even in this downside scenario.

On this basis the Directors have a reasonable expectation that the Group has adequate resources to continue trading for at least the next 12 months and the foreseeable future. The Directors therefore believe that it remains appropriate to prepare the financial statements on a going concern basis.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

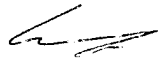
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit 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,
August 19, 2020

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 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 group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including 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 group and parent company and of the groups profit or loss for that period. In preparing each of the group and parent company 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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

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 2019 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 2019 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 for 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 group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 in 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 group and parent 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 group or the parent 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.



Richard Johnson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

21 August 2020

Consolidated statement of comprehensive income
 for the year ended 31 December 2019

	<i>Note</i>	2019	2018
		£	£
Turnover	4	6,626,306	3,799,583
Cost of sales		<u>(2,924,502)</u>	<u>(2,374,396)</u>
Gross profit		3,701,804	1,425,187
Administrative expenses	2,3	(6,323,643)	(6,373,675)
Financial expenses		<u>(246,183)</u>	<u>(80,344)</u>
Loss before tax		(2,868,022)	(5,028,832)
Tax on loss	6	<u>(127,873)</u>	<u>(217,248)</u>
Loss after tax		<u><u>(2,995,895)</u></u>	<u><u>(5,246,080)</u></u>
 Other comprehensive income			
Foreign exchange differences on translation of foreign operations		(28,131)	49,970
		<u> </u>	<u> </u>
Total comprehensive loss for the period		<u><u>(3,024,026)</u></u>	<u><u>(5,196,110)</u></u>

The accompanying notes on pages 13-26 form an integral part of the consolidated financial statements

Consolidated Balance Sheet

at 31 December 2019

	Note	31 December 2019	31 December 2019	31 December 2018	31 December 2018
		£	£	£	£
Tangible assets	7		212,929		289,087
Intangible asset	8		47,930		152,257
			<u>260,859</u>		<u>441,344</u>
Current assets					
Debtors (including £42,004 (2018: £42,004) due after more than one year)	10	898,476		1,142,609	
Deposits (including £849,336 (2018: £750,000) due after more than one year)	12	849,336		750,000	
Cash and cash equivalents		<u>3,015,379</u>		<u>4,112,720</u>	
		4,763,191		6,005,329	
Creditors: amounts falling due within one year	11	<u>(5,053,156)</u>		<u>(2,712,168)</u>	
Net current assets / (liabilities)			<u>(289,965)</u>		<u>3,293,161</u>
Total assets less current liabilities			<u>(29,106)</u>		<u>3,734,505</u>
Creditors: amounts falling due after one year:					
Financial liability: amount falling due after one year	12		(850,821)		(1,608,333)
Net assets / (liabilities)			<u>(879,927)</u>		<u>2,126,172</u>
Capital and reserves					
Called up share capital	13		2,602		2,602
Share premium account			30,487,217		30,487,217
Share options reserves			257,419		239,492
Retranslation reserve			(67,898)		(39,767)
Profit and loss account			<u>(31,559,267)</u>		<u>(28,563,372)</u>
Shareholders (deficit) equity			<u>(879,927)</u>		<u>2,126,172</u>

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

The accompanying notes on pages 13-26 form an integral part of the consolidated financial statements

These condensed consolidated interim financial statements were approved by the board of directors on August 19, 2020 And were signed on its behalf by:

T. Guriel

Director

Company registered number:07852687



Company Balance Sheet

at 31 December 2019

	Note	31 December 2019	31 December 2019	31 December 2018	31 December 2018
		£	£	£	£
Fixed assets					
Tangible assets	7		11,475		37,853
Intangible asset	8		47,930		152,258
Investments	9		<u>12</u>		<u>12</u>
			59,417		190,122
Current assets					
Debtors (including £41,994 (2018: £41,994) due after more than one year)	10	745,014		913,102	
Deposits (including £750,000 (2018: £750,000) due after more than one year)	12	750,000		750,000	
Cash and cash equivalents		<u>2,583,953</u>		<u>3,116,710</u>	
		4,078,967		4,779,812	
Creditors: amounts falling due within one year	11		<u>(10,342,812)</u>		<u>(6,976,630)</u>
Net current liabilities			<u>(6,263,845)</u>		<u>(2,196,818)</u>
Total assets less current liabilities			<u>(6,204,428)</u>		<u>(2,006,696)</u>
Creditors: Amounts falling due after more than one year:					
Financial liability: amount falling due after one year	12		(850,821)		(1,608,333)
Net assets/ (liabilities)			<u><u>(7,055,249)</u></u>		<u><u>(3,615,029)</u></u>
Capital and reserves					
Called up share capital	13		2,602		2,602
Share premium account			30,487,217		30,487,217
Profit and loss account			<u>(37,545,068)</u>		<u>(34,104,848)</u>
Shareholders (deficit)			<u><u>(7,055,249)</u></u>		<u><u>(3,615,029)</u></u>

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

The accompanying notes on pages 13-26 form an integral part of the consolidated financial statements

These financial statements were approved by the board of directors on August 19, 2020 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 2018

	Called up Share capital	Share Premium account	Revaluation reserve	Profit & loss account	Share options reserves	Total equity
	£	£	£	£	£	£
Balance at 1 January 2018	2,436	27,293,755	(89,737)	(23,317,293)	57,637	3,946,798
Total comprehensive income for the period	2,436	27,293,755	(89,737)	(23,317,293)	57,637	3,946,798
Profit or loss	-	-	-	(5,246,079)	-	(5,246,079)
Other comprehensive income/ (loss) for the year.	-	-	49,970	-	-	49,970
Total comprehensive income for the year	-	-	49,970	(5,246,079)	-	(5,196,109)
Equity-Preferred share issue	166	3,193,462	-	-	-	3,193,628
Share options charge	-	-	-	-	181,855	181,855
Balance at 31 December 2018	2,602	30,487,217	(39,767)	(28,563,372)	239,492	2,126,172

Consolidated Statements of Changes in Equity
for the year ended 31 December 2019

	Called up Share capital	Share Premium account	Revaluation reserve	Profit & loss account	Share options reserves	Total equity
	£	£	£	£	£	£
Balance at 1 January 2019	2,602	30,487,217	(39,767)	(28,563,372)	239,492	2,126,172
	<u>2,602</u>	<u>30,487,217</u>	<u>(39,767)</u>	<u>(28,563,372)</u>	<u>239,492</u>	<u>2,126,172</u>
Total						
Loss	-	-	-	(2,995,895)	-	(2,995,895)
other comprehensive loss	-	-	(28,131)	-	-	(28,131)
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>(28,131)</u>	<u>(2,995,895)</u>	<u>-</u>	<u>(3,024,026)</u>
Share options charge	-	-	-	-	17,927	17,927
Balance at 31 December 2019	<u>2,602</u>	<u>30,487,217</u>	<u>(67,898)</u>	<u>(31,559,267)</u>	<u>257,419</u>	<u>(879,927)</u>

The accompanying notes on pages 13-26 form an integral part of the consolidated financial statements

Company Statements of Changes in Equity
 for the year ended 31 December 2018

	Called up Share capital	Share Premium account	Profit & loss account	Total equity
	£	£	£	£
Balance at 1 January 2018	2,436	27,293,743	(28,729,468)	(1,433,289)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	2,436	27,293,743	(28,729,468)	(1,433,289)
Profit or loss	-	-	(5,375,380)	(5,375,380)
Other comprehensive income/ (loss) for the year.	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	(5,375,380)	(5,375,380)
Equity-Preferred share issue	166	3,193,474	-	3,193,640
Balance at 31 December 2018	2,602	30,487,217	(34,104,848)	(3,615,029)

Company Statements of Changes in Equity
 for the year ended 31 December 2019

	Called up Share capital	Share Premium account	Profit & loss account	Total equity
	£	£	£	£
Balance at 1 January 2019	2,602	30,487,217	(34,104,848)	(3,615,029)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	2,602	30,487,217	(34,104,848)	(3,615,029)
Profit or loss	-	-	(3,440,220)	(3,440,220)
Other comprehensive income/ (loss) for the year.	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	(3,440,220)	(3,440,220)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	2,602	30,487,217	(37,545,068)	(7,055,249)

The accompanying notes on pages 13-26 form an integral part of the consolidated financial statements

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

1. Accounting policies

Ezbob Limited (the “Company”) is a private company incorporated, domiciled and registered in England in the UK. The registered number is 07852687 and the registered address is 120 New Cavandish street, London W1W 6XX.

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.

Under Section 1A of FRS 102 the company is not required to prepare cash flow statements, strategic report and disclosing Key Management Personnel compensation.

The financial statements are prepared on the historical cost basis..

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2019. 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.

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company’s cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes (continued)

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.

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.

In the parent company financial statements investments in subsidiaries are carried at cost less impairment

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Turnover

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

- Contract implementation revenue is recognised after the implementation of the software
- License, maintenance and service fees for use of software are recognised straight line - over period of license
- Variable revenue is recognised when the service has been provided.
- The amount of revenue can be reliably measured and its probably economic benefits associated

Notes *(continued)*

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.

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]
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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.

Notes *(continued)*

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Share-based payments

Share-based payment arrangements in which the entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the entity. The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured based on an using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

During the twelve months, the Company issued a total of 252,398 equity settled share-based payment options to 20 employees, whereby services are rendered in exchange for rights over 252,398 shares of the Company for an exercise price £1.5. 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, 309,346 employee options expired.

As of 31 December 2019, the number of outstanding employee and director options was 1,504,874, with an average exercise price of £2.24.

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

Notes *(continued)*

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described in the lease accounting policy below. The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Buildings	3-10 years
Plant and equipment	3-15 years
Fixtures and fittings	3-7 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Operating Leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

No separate parent company Cash Flow Statement with related notes is included; and
Key Management Personnel compensation has not been included a second time.

No Revenue Geographical Split note has not been included

Certain disclosures required by FRS 102.26 Share Based Payments; and,
Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Notes (continued)

Going concern

The financial statements have been prepared on the going concern basis notwithstanding the Group's loss for the year of 2019: £2,995,895 (2018: £5,028,832), net current liabilities of £289,165 (2018: net current assets £3,293,161), and net liabilities of £897,927 (2018: net assets of £2,126,172).

In performing this assessment the Directors have reviewed the Group's operations, existing available financing facilities, and cash flow forecasts for 12 months from the date of signing these financial statements.

During 2019 the business continued to expand its customer base and costs have exceeded revenue which is in line with the director's expectations. In preparing these forecasts, the Directors have considered the strong revenue growth in the first half of 2020 together with the uncertainty of Covid-19 and its impact on short and medium term cash liquidity. In this consideration, the directors have taken into account the cash position at the date of signing, debt facility agreements that were signed in 2020, and the ongoing business that includes among others the ability to reduced expenses.

Under both its base-case scenario and reasonably plausible downside scenarios, the Directors consider that the Group is well positioned to manage risk during this period of economic uncertainty and is able to realise its assets and discharge its liabilities and commitments in the normal course of business. Severe but plausible downside scenarios only considered contracted revenue and minimal variable revenue streams as a result of reduced lending through the Group's platform. Whilst this is not the directors expectation, and current trading supports this, the Directors consider there are sufficient cost reduction measures which are available and in their control to preserve cash flow and to continue to operate within its available financing even in this downside scenario.

On this basis the Directors have a reasonable expectation that the Group has adequate resources to continue trading for at least the next 12 months and the foreseeable future. The Directors therefore believe that it remains appropriate to prepare the financial statements on a going concern basis

Notes (continued)

2 Operating costs

	2019	2018
	£	£

Loss on ordinary activities before taxation is stated after charging:

Depreciation and amortization	202,805	102,284
Operating lease expense	<u>447,766</u>	<u>479,894</u>

Auditor's remuneration:

	2019	2018
	£	£

Audit of these financial statements	40,850	34,000
Quarterly reviews	<u>0</u>	<u>15,000</u>

3 Remuneration of directors

	2019	2018
	£	£

Amounts paid to third parties in respect of directors' services. The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £219,996 (2018: £219,996).

	<u>231,996</u>	<u>231,998</u>
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4 Turnover

	2019	2018
	£	£

Turnover according to class of revenue stream:

Interest income	-	68,291
Development services income	<u>6,626,306</u>	<u>3,731,292</u>
Total turnover	<u>6,626,306</u>	<u>3,799,583</u>

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	2019	2018
Staff	70	54
Directors	<u>3</u>	<u>3</u>
	<u><u>73</u></u>	<u><u>57</u></u>

The aggregate payroll costs of these persons were as follows:

	2019	2018,
	£	£
Wages and salaries	4,433,739	3,635,250
other pension costs	565,729	577,965
Social security and	292,020	298,336
Share base payment	<u>17,926</u>	<u>181,855</u>
	<u><u>5,309,414</u></u>	<u><u>4,693,406</u></u>

The company has pension liability of £103,179 at the year end (2018: £71,103)

6 Taxation

	2019	2018
	£	£
Current year tax		
Current tax	<u>127,873</u>	<u>217,248</u>
	<u><u>127,873</u></u>	<u><u>217,248</u></u>
Reconciliation of total tax charge included in the profit and loss		
Loss before taxes on income	(2,868,022)	(5,028,831)
Statutory tax rate	<u>19%</u>	<u>19%</u>
Tax computed at the statutory tax rate	(544,924)	(955,478)
Loss for which deferred taxes were not recognized	544,924	955,478
Current tax in Israel	<u>127,873</u>	<u>217,248</u>
Total	<u><u>127,873</u></u>	<u><u>217,248</u></u>

The company has accumulated carryforward tax losses of £34,698,117 (2018: £30,492,954) for which it did not recognize a deferred tax asset as it does not see it being recovered in the foreseeable future.

Notes (continued)

7 Tangible fixed assets

	Buildings	Plant and equipment	Fixtures and fittings	Total tangible fixed assets
	£	£	£	£
Group				
Cost				
At beginning of year	186,358	572,591	57,795	816,744
Additions	5,861	19,966	859	26,686
At end of year	192,219	592,557	58,654	843,430
Depreciation				
At beginning of year	55,672	447,970	24,015	527,657
Charge for year	16,487	80,310	6,047	102,844
At end of year	72,159	528,280	30,062	630,501
Net book value				
At 31 December 2019	120,060	64,277	28,592	212,929
At 31 December 2018	130,686	124,621	33,780	289,087

Total tangible fixed assets

£

	Buildings	Plant and equipment	Fixtures and fittings	Total tangible fixed assets
	£	£	£	£
Company				
Cost				
At beginning of year	4,952	313,374	20,399	338,726
Additions	-	990	-	990
At end of year	4,952	314,364	20,399	339,716
Depreciation				
At beginning of year	1,460	284,260	15,153	300,873
Charge for year	1,633	22,248	3,487	27,368
At end of year	3,093	306,508	18,640	328,241
Net book value				
At 31 December 2019	1,859	7,857	1,759	11,475
At 31 December 2018	3,492	29,115	5,246	37,853

Notes *(continued)*

8 Intangible assets

	Intangible assets
	£
Group and Company	
<i>Cost</i>	
At beginning and end of year	622,521
<i>Amortisation</i>	
At beginning of year	470,263
Charge for year	104,328
At end of year	574,591
<i>Net book value</i>	
At 31 December 2019	47,930
At 31 December 2018	152,258

Notes (continued)

9 Investments (continued)

	Investments in subsidiaries	Total
Investment	£	£
Company		
<i>Cost</i>		
At beginning of year	12	12
Additions	-	-
Impairment	-	-
At end of year	12	12
<i>Net book value</i>		
At 31 December 2019	12	12
At 31 December 2018	12	12

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	Registered address	Principal activity	Class and percentage of shares held	Amount of capital and reserves	Profit for the period
<i>Subsidiary undertakings</i>							
Ezbob UK Limited	United Kingdom	08152728	120 New Cavandish street, London W1W 6XX	Admin. duties	Ordinary 100%	£4,631,981	£71,478
Ezbob IT Limited	Israel	Not applicable	Medinat ha-Yehudim St 85 Hertsliya	Admin. duties	Ordinary 100%	£1,159,794	£349,741
Everline Holdco Limited	United Kingdom	9411740	120 New Cavandish street, London W1W 6XX	Dormant	Ordinary 100%	-	-
EZBOB BG Ltd	Bulgaria	205085736	120 New Cavandish street, London W1W 6XX	Dormant	Ordinary 100%	-	-

Notes (continued)

10 Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	686,585	812,201	663,735	803,812
Other debtors	42,004	42,004	41,994	41,994
Prepayments	169,887	288,404	39,285	67,296
	898,476	1,142,609	745,014	913,102

11 Creditors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	518,600	369,063	348,936	110,887
Amounts owed to subsidiary	-	-	6,013,320	5,362,726
Other creditors	313,491	134,387	351,015	143,056
Amounts received for transfer to others	-	251,000	-	-
Accruals	788,376	693,328	196,852	95,571
Customer advances	1,649,039		1,649,039	
Bank loan repayments	1,719,260	1,200,000	1,719,260	1,200,000
Provisions	64,390	64,390	64,390	64,390
	5,053,156	2,712,168	10,342,812	6,976,630

12 Long term loan

In October 2018 the company signed on a loan agreement with Mizrahi Tefahot Bank Limited, London branch, ("the bank"). Under the agreement the bank grants the company a secured sterling loan facility of up to £3,000,000 which will be repaid in 30 monthly instalments with a nominal interest rate of 7.2%. The loan is secured by a deposit held in the bank in a amount of £750,000.

In June and December 2019, the Company signed loans agreement with Liquidity Capital. Under the agreement Liquidity grants the company with a USD loan facility in an amount of £1,406,500 which will be repaid in 24 monthly instalments with a monthly interest rate of 1.72%.

Repayment schedule:

2020	1,719,260
2021	850,821
	2,570,081

Notes (continued)

13 Called up share capital

	2019	2018
Company	£	£
<i>Allotted, called up and fully paid</i>		
	1,529	1,529
15,296,492 (2018: 15,296,492) Ordinary shares of £0.0001 each (2018: £0.01)	1,529	1,529
	1,073	1,073
10,726,368 (2018: 10,726,368) non redeemable Preference shares of £0.0001 each (2017: £0.01 each)	1,073	1,073
	2,602	2,602

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

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. On 25 January 2018, the company issued 8,999 Preferred Shares of £0.01 (later split into 899,900 Preferred Shares of 0.0001) for a consideration of £250.03 per share, giving rise to £250.02 premium per share issued, and £2,249,930 in the aggregate

The holders of the Preferred 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. On 13 April 2018, the company issued 399,968 Preferred Shares of £0.0001 for a consideration of £2.5002 per share, giving rise to £2.5001 premium per share issued, and £999,960 in the aggregate. As set out in the company's Articles of Association a distribution event would result in the reserves being distributed to the preference shareholders first up to a maximum amount of £2.50 per share but £2.18 on average. A distribution event would arise on a change of control, an IPO, a distribution of dividends or liquidation of the company. Having assessed the reserves position of the company at the balance sheet date no liability has been recognised in relation to the preference shares'

Notes (continued)

14 Related party disclosures

	Administrative expenses incurred from	
	2019	2018
	£	£
Entities with control, joint control or significant influence	231,996	231,998
Entities over which Company has control, joint control or significant influence	6,509,465	6,105
At 31 December 2019	<u>6,741,461</u>	<u>238,103</u>

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

	Creditors outstanding	
	At 31 December 2019	At 31 December 2018
	£	£
Entities with control, joint control or significant influence	18,333	18,333
Entities over which Company has control, joint control or significant influence	6,013,320	5,362,726
	<u>6,031,653</u>	<u>5,381,059</u>

15 Contingent liabilities

In September 2017 a former employee of the Israeli subsidiary initiated a lawsuit against the Israeli subsidiary in the amount of approximately £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 defences, which will more likely than not be successful.

16 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	At 31 December 2019	At 31 December 2018
Less than one year	393,226	426,453
Between one and five years	103,304	490,428
More than five years	-	

During the year £ 447,766 (2018: £ 479,894) was recognised as an expense in the profit and loss account in respect of operating leases.