

MONEYHUB FINANCIAL TECHNOLOGY LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 29 FEBRUARY 2020

STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2020

	Note	29 February 2020 £	28 February 2019 £
FIXED ASSETS			
Intangible assets	9	125,551	279,407
Tangible assets	10	47,306	101,478
		<u>172,857</u>	<u>380,885</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	1,190,136	2,192,002
Current asset investments	12	1,250	1,250
Cash at bank and in hand	13	2,041,015	332,691
		<u>3,232,401</u>	<u>2,525,943</u>
Creditors: amounts falling due within one year	14	(575,407)	(623,000)
		<u>2,656,994</u>	<u>1,902,943</u>
NET CURRENT ASSETS			
		<u>2,829,851</u>	<u>2,283,828</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: amounts falling due after more than one year	15	(1,272,332)	(1,237,199)
		<u>1,557,519</u>	<u>1,046,629</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	16	99	99
Share premium account		213,639	213,639
Profit and loss account		1,343,781	832,891
		<u>1,557,519</u>	<u>1,046,629</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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:

Mr W Turner
Director

Date: 1 September 2020

The notes on pages 2 to 11 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

1. GENERAL INFORMATION

The principal activity of Moneyhub Financial Technology Ltd is that of connecting consumers with financial products and services through the innovative use of technology. During the year, the company undertook further development of its Moneyhub financial technology to better serve the needs of both its individual and financial advisory customers.

The company is a private company limited by shares and is incorporated and domiciled in England. The registered office address is Regus House, 1 Friary, Bristol, England, BS1 6EA.

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 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 FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The Directors have considered the going concern status of the business in light of the Covid-19 pandemic, and the results for the year, and are satisfied that the accounts are correctly completed on a going concern basis.

In arriving at this conclusion the Director's are satisfied that the business is functioning effectively whilst everyone is working from home. We have onboarded new employees, contractors and clients during the pandemic and have seen an upturn in the level of new enquiries. Existing customers also have an appetite to roll out current projects more quickly than previously planned. We are in the enviable position of offering a money management solution that is critical in the current economic environment. We therefore have no concerns around the viability of the business.

To further support the business' growth and scale up strategy, additional funding of £1.65m was obtained from 3 existing shareholders shortly before the year end.

After making enquiries, the directors have reasonable expectation that the company have access to 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.

2.3 REVENUE RECOGNITION

The company generates fees from the sale/licensing of financial technology to consumers and businesses.

Revenue from the sale of software licenses to consumers is recognised on a straight line basis over the period of the license. Fees arising from the provision of financial technology and associated services to businesses are recognised by reference to the delivery of separately identifiable components using the percentage of completion method. All revenue is measured at the fair value of the consideration received or receivable and is net of Value Added Tax.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020

2. ACCOUNTING POLICIES (continued)

2.4 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.5 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.6 PENSIONS

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.7 TAXATION

Tax is recognised in profit or loss 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

2. ACCOUNTING POLICIES (continued)

2.8 INTANGIBLE ASSETS

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Research and development

Research expenditure is written off in the period in which it is incurred. Development expenditure incurred is capitalised as an intangible asset only when all the following criteria are met:

2.9 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:

Short-term leasehold property	-	10%	straight line
Fixtures and fittings	-	10%	straight line
Computer equipment	-	20%	straight line
Other fixed assets	-	10%	straight line

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 profit or loss.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

2. ACCOUNTING POLICIES (continued)

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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

3.

JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances.

We do not believe there to be any critical accounting judgements in the financial statements.

Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic life of intangible assets

The intangible asset held in the company's balance sheet relates to the capitalisation of development costs relating to Moneyhub. The annual amortisation charge for these assets is sensitive to the estimated useful economic life and residual value of the asset. We have assessed these in determining the current rate of amortisation, based on current market trends, future technological advancement and growth in the financial technology sector.

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Rendering of services	1,398,455	67,735
	<u>1,398,455</u>	<u>67,735</u>

All turnover arose within the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

5. OPERATING LOSS

The operating loss is stated after charging:

	2020 £	2019 £
Depreciation of tangible assets	28,284	26,633
Amortisation of intangible assets	153,856	153,855
Other operating lease rentals	97,465	104,238
Defined contribution plans expense	<u>76,294</u>	<u>84,689</u>

6. AUDITORS' REMUNERATION

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>9,650</u>	<u>9,500</u>

7. EMPLOYEES

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Employees	<u>17</u>	<u>13</u>

8. TAXATION

	2020 £	2019 £
CORPORATION TAX		
Current tax on profits for the year	(559,277)	(51,294)
	<u>(559,277)</u>	<u>(51,294)</u>
TOTAL CURRENT TAX	<u>(559,277)</u>	<u>(51,294)</u>
DEFERRED TAX		
TOTAL DEFERRED TAX	<u>-</u>	<u>-</u>
TAXATION ON LOSS ON ORDINARY ACTIVITIES	<u>(559,277)</u>	<u>(51,294)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

8. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(1,698,387)</u>	<u>(1,797,732)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(322,694)	(341,569)
EFFECTS OF:		
Expenses not deductible for tax purposes	847	10,744
Effect of capital allowances and depreciation	65	-
Adjustments to tax charge in respect of prior periods	(248,156)	26,960
Other timing differences leading to an increase (decrease) in taxation	68	-
Non-taxable income	-	(308)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(144,141)	-
Unrelieved tax losses carried forward	154,666	252,879
Group relief	68	-
TOTAL TAX CHARGE FOR THE YEAR	<u><u>(559,277)</u></u>	<u><u>(51,294)</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Finance Act 2016, which was substantively enacted on 15 September 2016, further reduced the main rate of corporation tax to 17% is planned.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020

9. INTANGIBLE ASSETS

	Computer software £
COST	
At 1 March 2019	769,278
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At 29 February 2020	769,278
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AMORTISATION	
At 1 March 2019	489,871
Charge for the year on owned assets	153,856
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At 29 February 2020	643,727
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NET BOOK VALUE	
At 29 February 2020	125,551
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At 28 February 2019	279,407
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Other fixed assets £	Total £
COST OR VALUATION				
At 1 March 2019	111,970	65,064	52,761	229,795
Additions	14,305	17,655	-	31,960
Disposals	(107,081)	(10,520)	-	(117,601)
At 29 February 2020	19,194	72,199	52,761	144,154
DEPRECIATION				
At 1 March 2019	42,829	47,217	38,271	128,317
Charge for the year on owned assets	12,425	13,230	2,629	28,284
Disposals	(50,760)	(8,993)	-	(59,753)
At 29 February 2020	4,494	51,454	40,900	96,848
NET BOOK VALUE				
At 29 February 2020	14,700	20,745	11,861	47,306
At 28 February 2019	69,141	17,847	14,490	101,478

11. DEBTORS

	29 February 2020 £	28 February 2019 £
Trade debtors	148,117	309,599
Amounts owed by group undertakings	347,724	1,843,456
Other debtors	575,993	11,156
Prepayments and accrued income	118,302	27,791
	<u>1,190,136</u>	<u>2,192,002</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020

12. CURRENT ASSET INVESTMENTS

	29 February 2020 £	28 February 2019 £
Other investments	1,250	1,250
	<u>1,250</u>	<u>1,250</u>

Current asset investments comprise stocks, shares and investment funds held exclusively for the purpose of testing the personal financial management software the company is developing.

13. CASH AND CASH EQUIVALENTS

	29 February 2020 £	28 February 2019 £
Cash at bank and in hand	2,041,015	332,691
	<u>2,041,015</u>	<u>332,691</u>

14. Creditors: amounts falling due within one year

	29 February 2020 £	28 February 2019 £
Trade creditors	347,667	263,079
Other taxation and social security	36,321	26,900
Other creditors	13,425	17,411
Accruals and deferred income	177,994	315,610
	<u>575,407</u>	<u>623,000</u>

15. Creditors: amounts falling due after more than one year

	29 February 2020 £	28 February 2019 £
Other loans	1,272,332	1,237,199
	<u>1,272,332</u>	<u>1,237,199</u>

Other loans consists of amounts issued by the previous parent following the management buy out, and are unsecured, interest bearing at LIBOR + 2%, subordinated loans and have a repayment date of five years from the date of the loan agreement. Any extensions to this period are governed by the Share Purchase Agreement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020

16. SHARE CAPITAL

	29 February 2020 £	28 February 2019 £
ALLOTTED, CALLED UP AND FULLY PAID		
99 (2019: 99) Ordinary shares shares of £1.00 each	<u>99</u>	<u>99</u>

17. PENSION COMMITMENTS

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £76,294 (2019: £84,689).

18. AUDITORS' INFORMATION

The auditors' report on the financial statements for the year ended 29 February 2020 was unqualified.

The audit report was signed on 10 September 2020 by Simon Morrison FCA (Senior statutory auditor) on behalf of Bishop Fleming Bath Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.