

Registered number: 07157877

**POCKIT LIMITED**

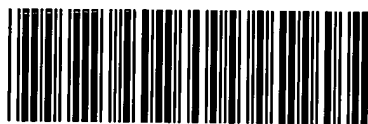
**AUDITED**

**FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

MONDAY



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## **POCKIT LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **Principal activity**

The Company is a software development company which is the owner and developer of a technology offering in relation to pre-paid spending cards, e-money accounts, cash deposit services, cashback and foreign transfers, targeting those users in the UK who are typically excluded by financial institutions. The Company acts as an intermediary agent/introducer between the end customers and regulated service providers.

#### **Business review**

Pockit launched its award winning payment account services in 2014 with a focus on the underserved segment within the UK. Pockit's core target market is the 25 million financially underserved in the UK. Pockit provides them with an e money account to receive their salary, customers can deposit cash in 28,000 locations and make daily purchases via Point of Sale or e commerce using their Pockit prepaid card. A number of additional products serve to enhance the customer experience:

- Cashback, which allows customers to save money through offers negotiated with leading retailers in the UK.
- Broadband and mobile cost saving switching service
- Getting salary paid a day early for those customers who receive their income via BACS
- Credit builder product to help to improve the credit score of customers
- Remittance partnership with Wise allowing customers to send over 33 different currencies to over 56 countries around the world
- Virtual cards offering better security and convenience for e-commerce
- Apple and Google Pay for digital wallets

Pockit has a targeted mission of financial inclusion for those that need it the most, supporting vulnerable customers and reducing the poverty premium with a product developed around the customer.

Pockit continues to make investments into its technology, risk, compliance and customer service functions.

Key metrics have continued to improve from the strong performance in 2021, revenue growth and revenue £ value accelerated during 2022 resulting in an annualised run rate of circa £6m at the end of 2022. Revenue grew by 31.1% to £5,363,440 in 2022 from £4,092,292 in 2021.

#### **Principal risks and uncertainties**

The principal risks and uncertainties that Pockit faces include those associated with systems interruptions of its own platform or of its partners. The company has taken significant steps to mitigate against such risks and uncertainties from impacting the operations of the business, investing in internal systems and regular monitoring of outsourced services.

During the financial year Pockit was registered with the FCA as an electronic money agent of Payrnet Ltd and as such undertakes responsibilities relating to the risks of criminal activities and money laundering. In order to mitigate these risks Pockit has robust know your client (KYC) and anti money laundering (AML) procedures in place, including ongoing transactions monitoring, and has invested heavily to address these risks from its inception.

Pockit migrated from Payrnet to PSI-Pay and Modulr FS Ltd in 2023 under a distributor relationship registered at the FCA. Pockit continues to undertake it's afore mentioned responsibilities.

#### **Future developments**

The directors expect that future developments will include continued investment in the technological infrastructure of the business with further integrations with innovative financial partners.

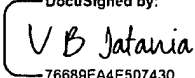
**POCKIT LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**Post balance sheet events**

The company closed a £7.5m growth equity investment round investment in June 2023, which was led by Puma Private Equity and supported by existing shareholders, including the North East Development Fund, managed by Maven Capital Partners.

This report was approved by the board on 14 December 2023 and signed on its behalf.

DocuSigned by:  
  
76689FA4E507430...  
**V B Jatania**  
Director

**POCKIT LIMITED**  
**REGISTERED NUMBER: 07157877**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**


|   | Note | 2022<br>£                 | Restated<br>2021<br>£     |
|---|------|---------------------------|---------------------------|
| <b>Fixed assets</b>                                     |      |                           |                           |
| Intangible assets                                       | 4    | 994,989                   | 955,639                   |
| Tangible assets   | 5    | 53,423                    | 65,022                    |
|   |      | <u>1,048,412</u>          | <u>1,020,661</u>          |
| <b>Current assets</b>                                   |      |                           |                           |
| Stocks  |      | 50,562                    | 34,723                    |
| Debtors: amounts falling due within one year            | 6    | 942,454                   | 757,951                   |
| Cash at bank and in hand                                | 7    | 652                       | 435                       |
|   |      | <u>993,668</u>            | <u>793,109</u>            |
| Creditors: amounts falling due within one year          | 8    | (3,678,988)               | (3,698,625)               |
| <b>Net current liabilities</b>                          |      | <u>(2,685,320)</u>        | <u>(2,905,516)</u>        |
| <b>Total assets less current liabilities</b>            |      | <u>(1,636,908)</u>        | <u>(1,884,855)</u>        |
| Creditors: amounts falling due after more than one year | 9    | (273,951)                 | (293,956)                 |
| <b>Net liabilities</b>                                  |      | <u><u>(1,910,859)</u></u> | <u><u>(2,178,811)</u></u> |
| <b>Capital and reserves</b>                             |      |                           |                           |
| Called up share capital                                 | 10   | 1,581,746                 | 1,492,882                 |
| Share premium account                                   |      | 26,401,127                | 23,862,738                |
| Profit and loss account                                 |      | (29,893,732)              | (27,534,431)              |
|   |      | <u><u>(1,910,859)</u></u> | <u><u>(2,178,811)</u></u> |

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:

DocuSigned by:  
  
76689FA4E507430...

**V B Jatania**  
Director

Date: 14 December 2023

**POCKIT LIMITED**  
**REGISTERED NUMBER: 07157877**

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2022**

The notes on pages 5 to 13 form part of these financial statements.

**POCKIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. General information**

Pockit Limited is a private company limited by shares and registered in England and Wales. Registered number 07157877. Its registered office is Suite 19, 45 Salisbury Road, Cardiff, Wales, CF24 4AB. The company's principal place of business is Clearwater Yard, 35 Inverness Street, London.

The functional and presentational currency of the Company is Sterling (£). The financial statements are for the year ended 31 December 2022 and year ended 31 December 2021.

The financial statements are rounded to the nearest pound (£).

**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**

At the balance sheet date the the directors produce forecasts of trading and cash flow for the following year and at the time of signing these accounts, the directors have considered the going concern position, and consider that this does indicate that the company has sufficient resources available to it to meet its financial obligations as they fall due for at least a period of 12 months from the date of sign off of these financial statements. In June 2023, the company closed a £7.5m funding round. This cash injection strengthened the company's liquidity position and based on this balance sheet event the directors have prepared these financial statements on a going concern basis.

## POCKIT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## 2. Accounting policies (continued)

### 2.3 Revenue

The company's main type of revenue for the year ended 31 December 2022 is fee income which comprises the fees from product fees, sales usage fees, faster payment fees, and monthly membership fees. Cashback and interchange fees are also additional revenue streams that are recognised separately.

Product fees, monthly membership fees and faster payment fees are recognised on a monthly basis once the service has been provided in line with contractual terms. Sales usage fees are recognised at the point of the transaction occurring. Sales cashback fees are recognised monthly when the aggregated cashback for all card transactions are invoiced to the relevant retailers. Interchange fees are recognised in the month they occur.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

### 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 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 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.

## POCKIT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

## 2. Accounting policies (continued)

### 2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.7 Borrowing costs

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

### 2.8 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

### 2.9 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 balance sheet date in the countries where the Company operates and generates income.

### 2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

|                                  |   |       |
|----------------------------------|---|-------|
| Software development and design- | 3 | years |
|----------------------------------|---|-------|

### 2.11 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.



## POCKIT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2. Accounting policies (continued)

##### 2.11 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:

|                       |   |     |
|-----------------------|---|-----|
| Fixtures and fittings | - | 20% |
| Office equipment      | - | 20% |

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.

##### 2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 2.13 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.

##### 2.14 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.

##### 2.15 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.

## POCKIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 2. Accounting policies (continued)

## 2.16 Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components and presented separately in the Balance Sheet.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

## 3. Employees

The average monthly number of employees, including directors, during the year was 31 (2021:37).

## 4. Intangible assets

|                                     | <b>Software<br/>design &amp;<br/>development<br/>£</b> |
|-------------------------------------|--|
| <b>Cost</b>                         |  |
| At 1 January 2022                   | 3,620,559  |
| Additions - internal                | 658,846  |
| At 31 December 2022                 | <u>4,279,405</u>                                       |
| <b>Amortisation</b>                 |  |
| At 1 January 2022                   | 2,664,920  |
| Charge for the year on owned assets | 619,496  |
| At 31 December 2022                 | <u>3,284,416</u>                                       |
| <b>Net book value</b>               |  |
| At 31 December 2022                 | <u>994,989</u>   |
| At 31 December 2021                 | <u>955,639</u>   |

## POCKIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 5. Tangible fixed assets

|                          | Office<br>equipment<br>£ |
|--------------------------|--------------------------|
| <b>Cost or valuation</b> |                          |
| At 1 January 2022        | 208,050                  |
| Additions                | 17,197                   |
| At 31 December 2022      | 225,247                  |
| <b>Depreciation</b>      |                          |
| At 1 January 2022        | 143,028                  |
| Charge for the year      | 28,796                   |
| At 31 December 2022      | 171,824                  |
| <b>Net book value</b>    |                          |
| At 31 December 2022      | 53,423                   |
| At 31 December 2021      | 65,022                   |

## 6. Debtors

|                                | 2022<br>£ | 2021<br>£ |
|--------------------------------|-----------|-----------|
| Trade debtors                  | 78,084    | 112,480   |
| Other debtors                  | 298,800   | 527,977   |
| Prepayments and accrued income | 565,570   | 117,494   |
|                                | 942,454   | 757,951   |

## 7. Cash and cash equivalents

|                          | 2022<br>£ | 2021<br>£ |
|--------------------------|-----------|-----------|
| Cash at bank and in hand | 652       | 435       |
| Less: bank overdrafts    | (97,147)  | (329,546) |
|                          | (96,495)  | (329,111) |

## POCKIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

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

|                                    | 2022<br>£        | 2021<br>£        |
|------------------------------------|------------------|------------------|
| Convertible loan note              | -                | 1,263,263        |
| Bank overdrafts                    | 97,147           | 329,546          |
| Bank loans                         | 10,000           | -                |
| Other loans                        | 250,000          | 250,000          |
| Trade creditors                    | 662,857          | 756,072          |
| Other taxation and social security | 915,613          | 615,178          |
| Other creditors                    | 14,851           | 23,503           |
| Accruals and deferred income       | 1,728,520        | 461,063          |
|                                    | <u>3,678,988</u> | <u>3,698,625</u> |

On 15 February 2021 the Company issued an unsecured convertible loan note for £1,179,160 with an 8% interest rate. The loan principal and accrued interest are convertible into the highest class of shares in the capital of the Company or are to be repaid in cash on the earliest of maturity (36 months) or events stipulated by the convertible loan agreement at a 20% discount to the latest investor issue share price and a valuation cap.

The convertible loan note was held as a financial liabilities and split between the host debt element and an embedded derivative. The amount attributed to debt equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert. The directors have determined that the fair value of the embedded derivative was not material and therefore did not recognise it.

In February 2022, as part of the funding round referred to in note 11, the convertible loan note converted in full (principal and interest) in to 46,528 Series C shares.

Other loans relate to a £250,000 loan facility which was obtained and drawn down on in full in August 2021. The loan accrues interest at 10% per annum and is repayable no earlier than 24 months after the drawdown date, but must be repaid in full by the third anniversary of the drawdown date.

## 9. Creditors: Amounts falling due after more than one year

|                  | 2022<br>£      | 2021<br>£      |
|------------------|----------------|----------------|
| Debentures loans | 250,000        | 250,000        |
| Bank loans       | 23,951         | 43,956         |
|                  | <u>273,951</u> | <u>293,956</u> |

The company entered into a loan agreement with a third party in August 2021 for a float facility for the timing of customer cash deposits to the sum of £250,000. The loan is repayable by 31 August 2024.

Interest on the loan of £50,271 is accrued within note 9 accruals and deferred income.

## POCKIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 10. Share capital

|   | 2022<br>£        | Restated<br>2021<br>£ |
|---|------------------|-----------------------|
| <b>Allotted, called up and fully paid</b>                             |                  |                       |
| 657,939 (2021:656,939) Ordinary shares of £1.00 shares of £1.00 each  | 657,939          | 656,939               |
| 382,831 (2021:382,831) Series A share of £1.00 shares of £1.00 each   | 382,831          | 382,831               |
| 297,124 (2021:297,124) Series B1 shares of £1.00 shares of £1.00 each | 297,124          | 297,124               |
| 155,988 (2021:155,988) Series B2 shares of £1.00 shares of £1.00 each | 155,988          | 155,988               |
| 87,864 (2021: nil ) Series C shares of £1.00 shares of £1.00 each     | 87,864           | -                     |
|   | <u>1,581,746</u> | <u>1,492,882</u>      |

In February 2022 the convertible loan note of £1,270,908 raised as part of the Series B fundraising in February 2021 was converted into equity through issuing 46,528 Series C shares.

In August 2022, a further 41,336 Series C shares were issued for £1,391,317 and a further 1,000 ordinary shares for £1,000.

## 11. Reserves

**Share premium account**

This includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares is deducted from share premium.

**Profit and loss account**

This comprises of opening retained earnings and the profit or loss for the year.

## 12. Post balance sheet events

The company closed a £7.5m growth equity investment round investment in June 2023, which was led by Puma Private Equity and supported by existing shareholders, including the North East Development Fund, managed by Maven Capital Partners.

## 13. Prior year adjustment

Whilst preparing the financial statements for the year ended 31 December 2022 a prior period adjustment was identified. The following amendment was made:

**Exceptional costs**

The prior year restatement is in respect of exceptional costs of £130,000 omitted from the prior year financial statements. This resulted in the increase in prior year exceptional costs in note 4 of £130,000 and increase of prior year losses of £130,000.

**Share capital**

In May 2020 4,457 Series B2 shares were issued for £150,000. The share capital of £4,457 was still held within share premium. The prior year restatement increases the share capital (specifically the series B2 shares) by £4,457 and decreases share premium by £4,457.

**POCKIT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**14. Controlling party**

In the opinion of the directors, there is no immediate or ultimate controlling party.

**15. Auditor's information**

The auditor's report on the financial statements for the year ended 31 December 2022 was unqualified.

The audit report was signed on 14 December 2023 by Steven Leith (Senior statutory auditor) on behalf of Cooper Parry Group Limited.