

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
FOR
PERKBOX LIMITED**



PERKBOX LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2017**

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PERKBOX LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS:

C P Cao
S Chopra
U Goyal

SECRETARY:

R J Gorle

REGISTERED OFFICE:

50 Finsbury Square
Second Floor
London
EC2A 1HD

REGISTERED NUMBER:

07355963 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

PERKBOX LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their strategic report of the company and the group for the year ended 31 December 2017.

REVIEW OF BUSINESS

The Group develops and operates a leading 'software as a service' employee engagement and customer loyalty platform, which provides a range of tools and discounted perks and benefits to staff and customers for reward and recognition. Access to the products is made available on a subscription basis, and specific perks and benefits can then be redeemed by the end users.

The directors are satisfied with the performance during the year. The Group grew its core businesses substantially in terms of number of customers and ongoing subscription revenues and it is well positioned in the UK employee engagement and customer loyalty markets.

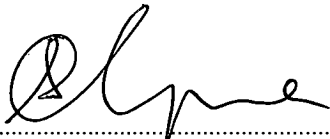
The Group continued to invest heavily in development of the product and expansion of the team and therefore as expected made an operating loss in the year. The directors expect to continue investing in the growth of the Group to grow its customer base and make improvements to its core products.

At the end of the year the Group had cash reserves of £2.27m.

PRINCIPAL RISKS AND UNCERTAINTIES

The employee engagement and customer loyalty markets are fast moving. They are therefore subject to change for example in the competitive environment, the regulatory and tax environments, and as a result of updates to technical platforms and standards. Our business is also reliant on third party partners to continue to provide attractive benefits for our users.

ON BEHALF OF THE BOARD:



.....
S Chopra - Director

Date: 6/9/18

PERKBOX LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report with the audited financial statements of the company and the group for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the development and operation of a 'software as a service' employee engagement and customer loyalty platform.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2017 (2016: nil).

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1 January 2017 to the date of this report.

The beneficial interests of the directors holding office at 31 December 2017 in the shares of the company, according to the register of directors' interests, were as follows:

	31.12.17	31.12.16
Ordinary shares of 0.1p each		
C P Cao	424,686	472,587
S Chopra	481,516	483,545
U Goyal	-	-

These directors did not hold any non-beneficial interests in the shares of the company.

GOING CONCERN

The company has made a loss in the year under review, but the directors are confident that the company will become profitable in the future, through its existing products and on-going development and marketing of its platform.

The directors have prepared detailed cash flow forecasts, which are based on their current expectations of trading prospects. The forecasts have been prepared over a period of 12 months and directors are confident that the company will not be in breach of its covenants and will be able to meet its liabilities as they fall due. Accordingly, the directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include credit risk and liquidity risk. The following policies are in place to help mitigate these risks:

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and credit exposures such as outstanding receivables. The company seeks to minimise the exposure on cash deposits by using only major banks and financial institutions. It operates credit checking and control procedures to reduce the risk from bad debts.

Liquidity risk

The company actively manages cash balances to ensure there are sufficient available funds for operations.

THIRD PARTY INDEMNITY

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

PERKBOX LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017**

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

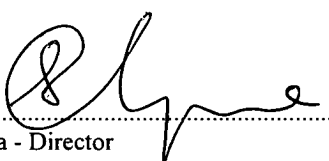
The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each director in office at the date the Report of the Directors is approved:

- so far as the director is aware, there is no relevant audit information of which the group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and parent company's auditors are aware of that information.

ON BEHALF OF THE BOARD:


.....
S Chopra - Director

Date: 6/9/18

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PERKBOX LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Perkbox Limited's group financial statements and parent company financial statements (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 2017 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Group Strategic Report, Report of the Directors and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2017; the Consolidated Income Statement and Consolidated Other Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PERKBOX LIMITED

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for 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.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PERKBOX LIMITED**

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

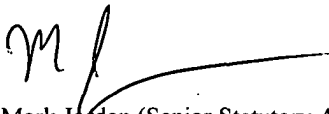
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Jordan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Date: 17/4/18

PERKBOX LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
TURNOVER	3	34,702,873	14,674,608
Cost of sales		<u>(21,824,496)</u>	<u>(7,900,402)</u>
GROSS PROFIT		12,878,377	6,774,206
Administrative expenses		<u>(14,875,949)</u>	<u>(9,193,430)</u>
OPERATING LOSS	5	(1,997,572)	(2,419,224)
Interest receivable and similar income		<u>3,869</u>	<u>3,247</u>
LOSS BEFORE TAXATION		(1,993,703)	(2,415,977)
Tax on loss	6	<u>(89)</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(1,993,614)</u>	<u>(2,415,977)</u>
Loss attributable to:			
Owners of the parent		<u>(1,993,614)</u>	<u>(2,415,977)</u>

The notes on pages 16 to 25 form part of these financial statements

PERKBOX LIMITED
CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
LOSS FOR THE FINANCIAL YEAR	(1,993,614)	(2,415,977)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	<u>(1,993,614)</u>	<u>(2,415,977)</u>
Total comprehensive expense attributable to: Owners of the parent	<u>(1,993,614)</u>	<u>(2,415,977)</u>

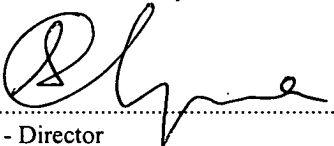
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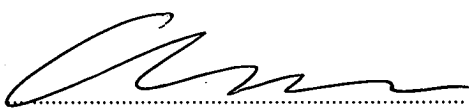
PERKBOX LIMITED (REGISTERED NUMBER: 07355963)

**CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2017**

	Note	2017		2016	
		£	£	£	£
FIXED ASSETS					
Intangible assets	8		409,883		-
Tangible assets	9		190,381		135,706
			<hr/>		<hr/>
			600,264		135,706
CURRENT ASSETS					
Stocks	11	1,410,697		318,668	
Debtors	12	2,484,632		1,136,698	
Cash at bank and in hand		<u>2,271,271</u>		<u>3,035,836</u>	
		6,166,600		4,491,202	
CREDITORS					
Amounts falling due within one year	13	<u>(4,126,337)</u>		<u>(1,993,089)</u>	
NET CURRENT ASSETS			<u>2,040,263</u>		<u>2,498,113</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,640,527		2,633,819
CREDITORS					
Amounts falling due after more than one year	14	(2,000,000)			-
PROVISIONS FOR LIABILITIES	18		<u>(322)</u>		<u>-</u>
NET ASSETS			<u><u>640,205</u></u>		<u><u>2,633,819</u></u>
CAPITAL AND RESERVES					
Called up share capital	19		1,353		1,353
Share premium account	20		4,668,339		4,668,339
Accumulated losses	20		<u>(4,029,487)</u>		<u>(2,035,873)</u>
TOTAL SHAREHOLDERS' FUNDS			<u><u>640,205</u></u>		<u><u>2,633,819</u></u>

The financial statements on pages 8 to 25 were approved by the Board of Directors on 6/9/18 and were signed on its behalf by:


.....
S Chopra - Director



.....
C P Cao - Director

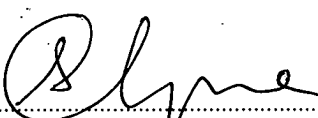
The notes on pages 16 to 25 form part of these financial statements

COMPANY BALANCE SHEET
31 DECEMBER 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Intangible assets	8	34,202	-
Tangible assets	9	190,381	135,706
Investments	10	<u>403,778</u>	<u>-</u>
		628,361	135,706
CURRENT ASSETS			
Stocks	11	1,410,697	318,668
Debtors	12	2,592,130	1,136,698
Cash at bank and in hand		<u>2,228,208</u>	<u>3,035,836</u>
		6,231,035	4,491,202
CREDITORS			
Amounts falling due within one year	13	<u>(4,169,354)</u>	<u>(1,993,089)</u>
NET CURRENT ASSETS		<u>2,061,681</u>	<u>2,498,113</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,690,042	2,633,819
CREDITORS			
Amounts falling due after more than one year	14	<u>(2,000,000)</u>	<u>-</u>
NET ASSETS		<u><u>690,042</u></u>	<u><u>2,633,819</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	1,353	1,353
Share premium account	20	4,668,339	4,668,339
Accumulated losses	20	<u>(3,979,650)</u>	<u>(2,035,873)</u>
TOTAL SHAREHOLDERS' FUNDS		<u><u>690,042</u></u>	<u><u>2,633,819</u></u>
Company's loss for the financial year		<u>(1,943,777)</u>	<u>(2,415,977)</u>

The financial statements on pages 8 to 25 were approved by the Board of Directors on 6/9/18 and were signed on its behalf by:


C P Cao - Director


S Chopra - Director

The notes on pages 16 to 25 form part of these financial statements

PERKBOX LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Retained earnings/ (accumulated losses)	Share premium account	Total shareholders' funds
	£	£	£	£
Balance at 1 January 2016	1,276	380,104	351,749	733,129
Changes in equity				
Issue of share capital	77	-	4,368,097	4,368,174
Losses and total comprehensive expense	-	(2,415,977)	-	(2,415,977)
Share issue costs	-	-	(51,507)	(51,507)
Balance at 31 December 2016	<u>1,353</u>	<u>(2,035,873)</u>	<u>4,668,339</u>	<u>2,633,819</u>
Changes in equity				
Losses and total comprehensive expense	-	(1,993,614)	-	(1,993,614)
Balance at 31 December 2017	<u>1,353</u>	<u>(4,029,487)</u>	<u>4,668,339</u>	<u>640,205</u>

The notes on pages 16 to 25 form part of these financial statements

PERKBOX LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Retained earnings/ (accumulated losses)	Share premium account	Total shareholders' funds
	£	£	£	£
Balance at 1 January 2016	1,276	380,104	351,749	733,129
Changes in equity				
Issue of share capital	77	-	4,368,097	4,368,174
Losses and total comprehensive expense	-	(2,415,977)	-	(2,415,977)
Share issue costs	-	-	(51,507)	(51,507)
Balance at 31 December 2016	<u>1,353</u>	<u>(2,035,873)</u>	<u>4,668,339</u>	<u>2,633,819</u>
Changes in equity				
Losses and total comprehensive expense	-	(1,943,777)	-	(1,943,777)
Balance at 31 December 2017	<u>1,353</u>	<u>(3,979,650)</u>	<u>4,668,339</u>	<u>690,042</u>

The notes on pages 16 to 25 form part of these financial statements

PERKBOX LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Cash flows from operating activities			
Cash used in operations	1	(2,206,624)	(3,343,134)
Tax paid		<u>-</u>	<u>(16,266)</u>
Net cash from operating activities		<u>(2,206,624)</u>	<u>(3,359,400)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(68,405)	-
Purchase of tangible fixed assets		(118,135)	(149,015)
Acquisition of subsidiary undertaking (net of cash)	23	(375,270)	-
Interest received		<u>3,869</u>	<u>3,247</u>
Net cash from investing activities		<u>(557,941)</u>	<u>(145,768)</u>
Cash flows from financing activities			
New loans in year		2,000,000	-
Share issue		<u>-</u>	<u>4,316,667</u>
Net cash from financing activities		<u>2,000,000</u>	<u>4,316,667</u>
(Decrease)/increase in cash and cash equivalents		<u>(764,565)</u>	<u>811,499</u>
Cash and cash equivalents at beginning of year	2	<u>3,035,836</u>	<u>2,224,337</u>
Cash and cash equivalents at end of year	2	<u><u>2,271,271</u></u>	<u><u>3,035,836</u></u>

The notes on pages 16 to 25 form part of these financial statements

PERKBOX LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017 £	2016 £
Loss before taxation	(1,993,703)	(2,415,977)
Depreciation charges	97,663	50,036
Loss on disposal of fixed assets	-	14,954
Finance income	<u>(3,869)</u>	<u>(3,247)</u>
	(1,899,909)	(2,354,234)
Increase in stocks	(1,092,029)	(305,881)
Increase in trade and other debtors	(1,477,934)	(888,362)
Increase in trade and other creditors	<u>2,263,248</u>	<u>205,343</u>
Cash used in operations	<u><u>(2,206,624)</u></u>	<u><u>(3,343,134)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	31.12.17 £	1.1.17 £
Cash and cash equivalents	<u><u>2,271,271</u></u>	<u><u>3,035,836</u></u>

Year ended 31 December 2016

	31.12.16 £	1.1.16 £
Cash and cash equivalents	<u><u>3,035,836</u></u>	<u><u>2,224,337</u></u>

The notes on pages 16 to 25 form part of these financial statements

PERKBOX LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. STATUTORY INFORMATION

Perkbox Limited is a private company, limited by shares, registered and incorporated in England and Wales. The company's registered number and registered office address can be found on the General Information page. The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The accounting policies have been applied consistently, other than where new policies have been adopted.

Going concern

The company and Group has made a loss in the year under review, but the directors are confident that the company will become profitable in the future, through its existing products and on-going development and marketing of its platform.

The Directors have prepared detailed cash flow forecasts, which are based on their current expectations of trading prospects. The forecasts have been prepared over a period of 12 months and the directors are confident that the Company will be in a breach of its covenants and will be able to meet its liabilities as they fall due.

Significant accounting judgements and estimation uncertainty

The Company makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Turnover

Turnover comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Sales are presented, net of VAT, rebates and discounts, and after eliminating sales within the Group.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2017 has not been amortised in the current year.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment	-	25% on cost
Computer equipment	-	25% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

PERKBOX LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2017 £	2016 £
United Kingdom	34,702,873	14,674,608
	<u>34,702,873</u>	<u>14,674,608</u>

4. EMPLOYEES AND DIRECTORS

Group	2017 £	2016 £
Wages and salaries	6,873,618	3,731,552
Social security costs	731,595	413,690
Other pension costs	29,789	500
	<u>7,635,002</u>	<u>4,145,742</u>

The average monthly number of employees of the group during the year was as follows:

	2017	2016
Directors	2	2
Administrative staff	159	94
	<u>161</u>	<u>96</u>

PERKBOX LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees by undertakings that were proportionately consolidated during the year was 5 (2016 - NIL).

	2017	2016
	£	£
Directors' remuneration	<u>272,039</u>	<u>192,000</u>

Information regarding the highest paid director for the year ended 31 December 2017 is as follows:

	2017
	£
Emoluments and remuneration	<u>121,550</u>

5. OPERATING LOSS

The operating loss is stated after charging:

	2017	2016
	£	£
Other operating leases	752,847	368,111
Depreciation - owned assets	63,460	50,036
Loss on disposal of fixed assets	-	14,954
Computer software amortisation	34,203	-
Auditors' remuneration – group audit fees	<u>34,600</u>	<u>23,000</u>

6. TAX ON LOSS

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	9	-
Deferred tax:		
Excess of capital allowances over depreciation	<u>(98)</u>	<u>-</u>
Tax on loss	<u>(89)</u>	<u>-</u>

PERKBOX LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. TAX ON LOSS - continued

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Loss before tax	<u>(1,993,703)</u>	<u>(2,415,977)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(383,728)	(483,195)
Effects of:		
Expenses not deductible for tax purposes	29,593	15,431
Capital allowances in excess of depreciation	(15,530)	(29,803)
Tax losses carried forwards	366,048	497,567
Other adjustments	<u>3,528</u>	<u>-</u>
Total tax credit	<u>(89)</u>	<u>-</u>

The unrecognised deferred tax asset is due to a lack of historical profits. The approximate unrecognised deferred tax asset is £863,615 (2016: £497,567).

7. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

8. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Intellectual property £	Computer software £	Totals £
COST				
Additions	80,681	295,000	68,405	444,086
	<u>80,681</u>	<u>295,000</u>	<u>68,405</u>	<u>444,086</u>
At 31 December 2017	<u>80,681</u>	<u>295,000</u>	<u>68,405</u>	<u>444,086</u>
ACCUMULATED AMORTISATION				
Amortisation for year	<u>-</u>	<u>-</u>	<u>(34,203)</u>	<u>(34,203)</u>
At 31 December 2017	<u>-</u>	<u>-</u>	<u>(34,203)</u>	<u>(34,203)</u>
NET BOOK VALUE				
At 31 December 2017	<u>80,681</u>	<u>295,000</u>	<u>34,202</u>	<u>409,883</u>

PERKBOX LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. INTANGIBLE FIXED ASSETS - continued

Company

	Computer software £
COST	
Additions	<u>68,405</u>
At 31 December 2017	<u>68,405</u>
ACCUMULATED AMORTISATION	
Amortisation for year	<u>(34,203)</u>
At 31 December 2017	<u>(34,203)</u>
NET BOOK VALUE	
At 31 December 2017	<u><u>34,202</u></u>

9. TANGIBLE FIXED ASSETS

Group

	Office equipment £	Computer equipment £	Totals £
COST			
At 1 January 2017	32,182	162,442	194,624
Additions	<u>25,978</u>	<u>92,157</u>	<u>118,135</u>
At 31 December 2017	<u>58,160</u>	<u>254,599</u>	<u>312,759</u>
ACCUMULATED DEPRECIATION			
At 1 January 2017	(8,362)	(50,556)	(58,918)
Charge for year	<u>(12,449)</u>	<u>(51,011)</u>	<u>(63,460)</u>
At 31 December 2017	<u>(20,811)</u>	<u>(101,567)</u>	<u>(122,378)</u>
NET BOOK VALUE			
At 31 December 2017	<u><u>37,349</u></u>	<u><u>153,032</u></u>	<u><u>190,381</u></u>
At 31 December 2016	<u><u>23,820</u></u>	<u><u>111,886</u></u>	<u><u>135,706</u></u>

PERKBOX LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. TANGIBLE FIXED ASSETS - continued

Company	Office equipment £	Computer equipment £	Totals £
COST			
At 1 January 2017	32,182	162,442	194,624
Additions	<u>25,978</u>	<u>92,157</u>	<u>118,135</u>
At 31 December 2017	<u>58,160</u>	<u>254,599</u>	<u>312,759</u>
ACCUMULATED DEPRECIATION			
At 1 January 2017	(8,362)	(50,556)	(58,918)
Charge for year	<u>(12,449)</u>	<u>(51,011)</u>	<u>(63,460)</u>
At 31 December 2017	<u>(20,811)</u>	<u>(101,567)</u>	<u>(122,378)</u>
NET BOOK VALUE			
At 31 December 2017	<u>37,349</u>	<u>153,032</u>	<u>190,381</u>
At 31 December 2016	<u>23,820</u>	<u>111,886</u>	<u>135,706</u>

10. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
COST	
Additions	<u>403,778</u>
At 31 December 2017	<u>403,778</u>
NET BOOK VALUE	
At 31 December 2017	<u>403,778</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Loyalty Bay Limited

Registered office: 50 Finsbury Square, Second Floor, London, EC2A1HD United Kingdom

Nature of business: Customer loyalty platform

Class of shares:	%
Ordinary	holding 100.00

PERKBOX LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. STOCKS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Stocks	<u>1,410,697</u>	<u>318,668</u>	<u>1,410,697</u>	<u>318,668</u>

12. DEBTORS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	1,143,974	487,102	1,119,496	487,102
Amounts owed by group undertakings	-	-	40,000	-
Other debtors	744,822	238,065	707,026	238,065
Prepayments and accrued income	<u>725,836</u>	<u>411,531</u>	<u>725,608</u>	<u>411,531</u>
	<u>2,614,632</u>	<u>1,136,698</u>	<u>2,592,130</u>	<u>1,136,698</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	(1,254,451)	(678,028)	(1,232,650)	(678,028)
Taxation	(6,579)	(6,579)	(6,579)	(6,579)
Social security and other taxes	(239,472)	(145,481)	(239,472)	(145,481)
VAT	(630,022)	(321,134)	(625,194)	(321,134)
Other creditors	(126,087)	(26,843)	(113,841)	(26,843)
Deferred revenue	(1,208,409)	(382,264)	(1,208,409)	(382,264)
Accrued expenses	<u>(791,317)</u>	<u>(432,760)</u>	<u>(743,209)</u>	<u>(432,760)</u>
	<u>(4,256,337)</u>	<u>(1,993,089)</u>	<u>(4,169,354)</u>	<u>(1,993,089)</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans (see note 15)	<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>

PERKBOX LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Company

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	247,701	223,443
Between one and five years	<u>18,807</u>	<u>159,149</u>
	<u>266,508</u>	<u>382,592</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>

Bank loans are secured by a fixed and floating charge over the assets of the company.

18. PROVISIONS FOR LIABILITIES

	Group	
	2017	2016
	£	£
Deferred tax		
Excess of capital allowances over depreciation	<u>(322)</u>	<u>-</u>
Group		
		Deferred tax
		£
Acquisition of subsidiary		<u>(322)</u>
Balance at 31 December 2017		<u>(322)</u>

19. CALLED UP SHARE CAPITAL

Group and company

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017	2016
			£	£
1,352,582	Ordinary	0.1p	<u>1,353</u>	<u>1,353</u>

PERKBOX LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

20. RESERVES

Group

	Accumulated losses £	Share premium account £	Totals £
At 1 January 2017	(2,035,873)	4,668,339	2,632,466
Loss for the year	<u>(1,993,614)</u>	<u> </u>	<u>(1,993,614)</u>
At 31 December 2017	<u><u>(4,029,487)</u></u>	<u><u>4,668,339</u></u>	<u><u>638,852</u></u>

Company

	Accumulated losses £	Share premium account £	Totals £
At 1 January 2017	(2,035,873)	4,668,339	2,632,466
Loss for the year	<u>(1,943,777)</u>	<u> </u>	<u>(1,943,777)</u>
At 31 December 2017	<u><u>(3,979,650)</u></u>	<u><u>4,668,339</u></u>	<u><u>688,689</u></u>

21. ULTIMATE CONTROLLING PARTY

As at 31 December 2017 there was no parent entity nor ultimate controlling party.

22. SHARE-BASED PAYMENT TRANSACTIONS

The Group operates the Huddlebuy Share Option Plan, a share-based payment scheme for its employees. Key employees are granted share options in the Company as part of the scheme. The options are granted with a fixed exercise price, are exercisable subject to a vesting period typically over four years after the date of grant, and expire ten years after the date of grant. Employees are not entitled to dividends until the shares are exercised. Employees are required to remain in employment with the Company until exercise, otherwise the awards lapse. Grants for new joiners are approved by the board periodically. On exercise of the options by the employees, the Company issues new shares.

A reconciliation of share option movements over the year to 31 December 2017 is shown below:

	2017		2016	
	No.	Weighted average exercise price	No.	Weighted average exercise price
Outstanding at 1 January	31,057	£0.0012	20,080	£0.0012
Granted	34,109	£5.7400	12,977	£0.0012
Forfeited	(5,148)	£2.8968	(2,000)	£0.0012
Exercised	-	n/a	-	
Expired	-		-	
Outstanding at 31 December	60,018	£3.0142	31,057	£0.0012
Exercisable at 31 December	21,774	£1.7018	13,675	£0.0012

The Company is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is determined by estimating the market value of the options on the date of grant. The exercise price for all grants made up to 31 December 2017 was deemed to be approximately nominal value, hence the market value was not sufficiently material and no charge was deemed necessary.

PERKBOX LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2017

23. BUSINESS COMBINATIONS

On the 10th of November 2017, Perkbox Limited acquired control of Loyalty Bay Limited through the purchase of 100% of the share capital for total consideration of £403,778. Loyalty Bay Limited has a similar platform to Perkbox Limited and operates a customer engagement platform, which provides a range of tools and discounted perks and benefits to customers for reward and recognition.

Consideration at 10 November 2018

Cash	375,270
Investment	<u>28,508</u>
Total Consideration	<u>403,778</u>

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book Value	Adjustments	Fair Value
Brand	-	100,000	100,000
Capitalised development	-	75,000	75,000
Contracts	-	120,000	120,000
Property, plant and equipment	2,061	(2,061)	-
Intangible assets	7,999	(7,999)	-
Cash and cash equivalents	22,818	-	22,818
Trade and other receivables	62,563	-	62,563
Trade and other payables	(9,700)	-	(9,700)
Accruals	(41,871)	-	(41,871)
Deferred tax liability	(411)	-	(411)
VAT liability	<u>(5,302)</u>	<u>-</u>	<u>(5,302)</u>
Total identifiable net assets	38,157	284,940	323,097
Goodwill			<u>80,681</u>
Total			<u>403,778</u>

24. RELATED PARTY TRANSACTIONS

The Company is taking advantage of the exemptions of FRS 102, not to disclose transactions within the Group as it is 100% owned and the financial statements of the group are publicly available.

No further transactions require disclosure as per FRS 102.