

**Glint Pay Limited**

**Annual report and consolidated  
financial statements**

**Registered number 09507932**

**31 December 2017**

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## Strategic Report

The directors present their strategic report for the year ended 31 December 2017.

### REVIEW OF THE COMPANY'S BUSINESS

Glint Pay Limited (the "Company") is a 100% parent of Glint Pay UK Limited (GPUK) and Glint Pay Services Limited (GPS), together referred to as the Group. The Company is non-trading and its sole purpose is to hold investment in the subsidiary companies.

Glint Pay UK Limited has been developing Glint, a comprehensive micro-services architecture to create a highly scalable and resilient savings and payments platform which is both independent of and integrated into the existing global regulated payment infrastructure. In doing so, the company has solved the key settlement cycle limitation that made allocated physical gold unusable for high velocity card transactions and peer-to-peer payments. Glint transcends financial networks.

Glint is reintroducing physical gold as money, to be used as a global currency in today's electronic payments system. By enabling gold as money Glint is developing a new global currency, foreign exchange and payments account platform which is more independent and reliable than normal bank accounts.

Glint will enable clients to securely store, exchange, send and spend domestic and foreign currencies, including for the first-time physical gold – the most universally trusted form of money. Glint will allow you to pay with your Glint smartphone app and Glint Mastercard, as well as transfer monies via peer-to-peer and the global banking clearing system.

During Q4 2017 Glint has moved into the Beta testing phase. Once testing is complete the GPUK will licence out Glint to GPS and third parties.

GPS received authorisation from the Financial Conduct Authority (FCA) on 5 September 2016 to issue electronic money and provide payment services.

The first clients put through the registration process were employees, family and friends with clients from the general public put through from January 2018 onwards.

As the Group continues to develop Glint, it suffered a total comprehensive loss for the year of £1,134,841 (2016: 251,043).

The Company has received a significant level of investment during the year, which investment has been registered to share capital on 17 January 2018. This puts the group in a strong balance sheet position and together with further investment planned for 2018 the funding will be sufficient enough to cover expected costs for the year ahead.

### PRINCIPAL RISK & UNCERTAINTIES

With GPS regulated by the FCA, the Group is required to undertake an Internal Capital Adequacy Assessment Process (ICAAP) where the key risks faced by the entity are considered. The ICAAP ensures that the entity's risk management approach is clearly documented and that appropriate levels of capital are maintained.

#### Business risk

The directors consider that the Group's principal business risk is that of failing to generate the required funds to finalise and fully launch the product.

#### Operational risk

The Group operational and risk management is overseen by management who have decades of financial market experience in running specifically payments, FX and bullion risk. The Company's treasury procedures would ensure the Company is not unduly exposed to gold price movements by offsetting risk through the Glint Payments & Execution System (PES). In the event of electronic system failure any exposure would be offset by telephone dealing. A dedicated risk management and payment team will monitor transactions real-time and any operational

## Strategic Report *(continued)*

### PRINCIPAL RISK & UNCERTAINTIES *(continued)*

#### Operational risk *(continued)*

failure in the PES or interface with clients would be managed by the technology operations team, who deal with the infrastructure risk, as opposed to market risk.

#### Liquidity risk

The Group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business and the minimum 'Own Funds' requirement which is the higher of €350,000 or 2% of total currency deposits held by clients.

The liquidity risk for the Group is also reflected in the bullion and FX markets, the largest and deepest markets in the world. Our platform will enable client's direct access to pricing by the London Bullion Market Association ('LBMA') and from other clients. Any market is exposed to liquidity drying up and sharp price movements but we maintain appropriate access to inventory to give clients instant exposure.

The Group will maintain a percentage float of the bullion held to be instantly available for spending transactions on cards. This float is replaced by proceeds from client sales each night. This will not be a large float as daily spending will be low relative to gold held by clients. The Group would be able to meet a surge in demand within 24 hours with lines of credit available for agreed amounts should this ever be required. The Group does not envisage this.

#### Foreign currency risk

The Group is exposed to significant controllable risks which, if not managed could have adverse impacts on profit and the Group's going concern, however, the Group wishes to be able to benefit where possible from favourable movements in exchange rates.

The Group will ensure there is an immediately available inventory of US Dollars, Euro or Pound Sterling cleared in the entities bank accounts to facilitate company purchase of inventory, whilst not unduly exposing the Group to currency risk.

#### Bullion execution and settlement risk

The Glint PES will enable prices which are available through exchange fees from reputable, LBMA member bullion dealers. GPS will have accounts with two or more bullion dealing banks to ensure best execution and access to physical gold.

To mitigate settlement risk, the GPS will ensure that it has an immediately available inventory of bullion, already vaulted, whilst also ensuring limited exposure to large bullion price movements.

GPS will ensure it has a number of counterparties and not concentrate its purchases with any one supplier on any given day. Management would limit purchase risk to reflect the cash status of the Group.

The main LBMA banks do not segregate monies on receipt, which means they do not use their own funds to finance the purchase of bullion at the time of dealing which results in very competitive pricing. However, it will be clear when there are heightened credit risks within the banking sector as it would prove judicious to execute trades with suppliers who segregate the GPS's monies in the purchase transaction. It is in these periods of credit tension that the GPS may be more active in selling its bullion inventory to existing and new clients.

GPS may well set up accounts with some bullion suppliers who segregate the GPS's monies upon receipt and hold it as such until receipt of the GPS's bullion. This is not a fail-safe approach as there can be abuse by the bank supplier but as a firm the GPS would be first in line as a creditor to recover 100% of monies in a default situation.

#### Market exposure risk

The Group reports in Pound Sterling and any retained earnings and thus shareholder funds could be exposed to GBP currency depreciation or even failure, which could impair shareholders purchasing power. Management don't want to impair the Group's ability to purchase bullion and FX stock. The Group's balance sheet value in USD could be

## Strategic Report *(continued)*

### PRINCIPAL RISK & UNCERTAINTIES *(continued)*

#### Market exposure risk *(continued)*

diminished in such an event, so to mitigate this we would have shareholder funds maintained in a balanced portfolio of bullion, USD and GBP, dependent on valuations prevailing at the time.

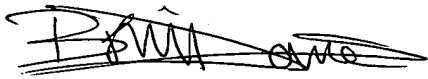
Any spot or forward FX exposure that occur in the course of business transactions do not leave an exposure, as the amount owed in one currency in value terms owed in another currency which are both open with the same counterparty until they settle at the same time. They offset.

The Group is not at risk from client default because clients can only purchase bullion with cleared money already received by the GPS. Clients can only sell bullion already in the custody of the GPS.

#### Counterparty risk

The Company has limited treasury risk exposure. The Company has an ombudsman account with the bullion banks with metal allotted to Glint to purchase for its clients. The Company purchases and sells bullion on same day or 24 hour settlement. This exposes the Company to some counterparty default as cash can be paid before delivery but the bullion allotment for the Company mitigates this.

By order of the board



**B P M Davies**  
*Director*

20 April 2018

## Directors' report

### Research and development

The Group's development programme commenced in late 2015 and continued throughout the year under review. Research & Development (R&D) activity was carried out on the initial design and rapid prototyping phases of the platform, with activity focussed on the micro-services architecture and associated software design constructs.

Development activities undertaken during the year under review were in the areas of technological research, high level system design architecture, data science, mathematical and software constructs, design of algorithms, building of prototypes and system testing. All software that was created is deemed to be part of the GlintWare platform, which in total is considered to be a technological advance in the field of digital commodity transaction platforms, and therefore qualifies as R&D.

### Directors

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

J D Cozens

B P M Davies

M S Mahaffey

O Bolitho

H Fukuda OBE

M Grubb

### Proposed dividend

The directors do not recommend the payment of a dividend.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

**B P M Davies**  
*Director*



Unit 4.01 Tea Building  
56 Shoreditch High Street  
London E1 6JJ  
England

20 April 2018

## Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 their 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 that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

By order of the board



**B P M Davies**  
Director

20 April 2018



## Independent auditor's report to the members of Glint Pay Limited

### Opinion

We have audited the financial statements of Glint Pay Limited ("the company") for the year ended 31 December 2017 which comprise the consolidated profit and loss account and other comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, 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 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### 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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, 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](http://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.



**Kelly Dunn (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

Botanic House  
100 Hills Road  
Cambridge  
CB2 1AR

20 April 2018

**Consolidated Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2017*

	Note	01.01.2017 to 31.12.2017 Total £	01.0.2016 to 31.12.2016 Total £
<b>Turnover</b>	2	987	-
Cost of sales		(970)	-
<b>Gross profit</b>		17	-
Administrative expenses	3,4,5	(1,673,220)	(348,842)
<b>Group operating loss before taxation</b>		(1,673,203)	(348,842)
Tax on loss	6	538,356	97,799
<b>Loss for the financial year</b>		(1,134,847)	(251,043)
<b>Other comprehensive income</b>			
Unrealised gain on gold held		6	-
<b>Other comprehensive income for the year</b>		6	-
<b>Total comprehensive loss for the year</b>		(1,134,841)	(251,043)

The notes on pages 15 – 29 form part of these financial statements.

## Consolidated Balance Sheet

At 31 December 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	7	2,506,585	741,135
Deferred tax asset	15	14,785	-
Tangible assets	8	127,077	5,076
		<b>2,648,447</b>	<b>746,211</b>
<b>Current assets</b>			
Stocks	10	16,040	-
Debtors	11	756,210	265,954
Gold	12	1,928	-
Cash at bank and in hand	13	1,770,537	2,108,624
		<b>2,544,715</b>	<b>2,374,578</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(325,096)</b>	<b>(163,039)</b>
<b>Net current assets</b>		<b>2,219,619</b>	<b>2,211,539</b>
<b>Total assets less current liabilities</b>		<b>4,868,066</b>	<b>2,957,750</b>
<b>Provisions for liabilities</b>			
Deferred tax liability	15	-	(62,195)
<b>Net assets</b>		<b>4,868,066</b>	<b>2,895,555</b>
<b>Capital and reserves</b>			
Called up share capital	17	1,784	1,538
Share premium account		6,106,697	3,162,009
Share based payments reserve		162,418	-
Revaluation reserve		6	-
Profit and loss account		(1,402,839)	(267,992)
<b>Shareholders' funds</b>		<b>4,868,066</b>	<b>2,895,555</b>

These financial statements were approved by the board of directors on

and were signed on its behalf by:

The notes on pages 15 – 29 form part of these financial statements.



**B P M Davies**  
Director

Company registered number: 09507932

## Company Balance Sheet

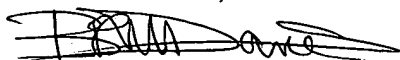
at 31 December 2017

	Note	£	2017	£	£	2016	£
<b>Fixed assets</b>							
Investments	9		450,001			450,001	
<b>Current assets</b>							
Debtors	11	4,648,096		2,526,225			
Cash at bank and in hand		1,009,900		187,321			
			5,657,996		2,713,546		
<b>Creditors: amounts falling due within one year</b>	14	(52,813)		-			
<b>Net current assets</b>			5,605,183			2,713,546	
<b>Total assets less current liabilities / Net assets</b>			6,055,184			3,163,547	
<b>Capital and reserves</b>							
Called up share capital	17	1,784		1,538			
Share premium account		6,106,697		3,162,009			
Profit and loss account		(53,297)		-			
<b>Shareholders' funds</b>			6,055,184			3,163,547	

These financial statements were approved by the board of directors on

and were signed on its behalf by:

The notes on pages 15 – 29 form part of these financial statements.



**B P M Davies**  
Director

Company registered number: 09507932

## Consolidated Statement of Changes in Equity

	Called up share capital	Share premium account	Share payment reserve	Revaluation reserve	Profit & loss account	Total equity
	£	£	£	£	£	£
Balance at 1 April 2016	1,180	129,918	-	-	(16,949)	114,149
<b>Total comprehensive loss for the period</b>						
Loss for the period	-	-	-	-	(251,043)	(251,043)
<b>Total comprehensive loss for the period</b>	-	-	-	-	(251,043)	(251,043)
Issue of shares	358	3,032,091	-	-	-	3,032,449
<b>Balance at 31 December 2016</b>	<b>1,538</b>	<b>3,162,009</b>	<b>-</b>	<b>-</b>	<b>(267,992)</b>	<b>2,895,555</b>

Glint Pay Limited  
Annual report and consolidated financial statements  
31 December 2017

	Called up share capital	Share premium account	Share payment reserve	Revaluation reserve	Profit & loss account	Total equity
	£	£	£	£	£	£
Balance at 1 January 2017	1,538	3,162,009	-	-	(267,992)	2,895,555
<b>Total comprehensive loss for the period</b>						
Loss for the year	-	-	-	-	(1,134,847)	(1,134,847)
Unrealised gain on revaluation of gold	-	-	-	6	-	6
Total comprehensive income for the period	-	-	-	6	(1,134,847)	(1,134,853)
Issue of shares	246	2,944,688	-	-	-	2,944,934
Equity-settled share based payments transactions	-	-	162,418	-	-	162,418
<b>Balance at 31 December 2017</b>	<b>1,784</b>	<b>6,106,697</b>	<b>162,418</b>	<b>6</b>	<b>(1,402,839)</b>	<b>4,868,066</b>

## Company Statement of Changes in Equity

	Called up share capital	Share premium	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 January 2016	1,180	129,918	-	131,098
<b>Total comprehensive income for the period</b>				
Total comprehensive income for the period	-	-	-	-
Issue of shares	358	3,032,091	-	3,032,449
<b>Balance at 31 December 2016</b>	<b>1,538</b>	<b>3,162,009</b>	<b>-</b>	<b>3,163,547</b>
Balance at 1 January 2016	1,538	3,162,009	-	3,163,547
Issue of shares	246	2,944,688	-	2,944,934
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	(53,297)	(53,297)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(53,297)	(53,297)
<b>Balance at 31 December 2017</b>	<b>1,784</b>	<b>6,106,697</b>	<b>(53,297)</b>	<b>6,055,184</b>

## Consolidated Cash Flow Statement for year ended 31 December 2017

	<i>Note</i>	01.01.2017 to 31.12.2017 £	01.04.2016 to 31.12.2016 £
<b>Cash flows from operating activities</b>			
Loss for the year		(1,134,841)	(251,043)
Adjustments for:			
Depreciation, amortisation		58,362	863
Foreign exchange losses		656	-
Holiday pay accrual		43,391	-
Equity settled share-based payment expenses		162,418	-
Taxation		(538,356)	(97,799)
		(1,408,370)	(347,979)
Increase in trade and other debtors		(196,677)	(96,384)
Increase in gold held		(1,923)	-
Increase in stocks		(16,040)	-
Increase in trade and other creditors		121,197	159,838
		(1,501,813)	(284,525)
Tax paid		165,270	-
<b>Net cash from operating activities</b>		(1,336,543)	(284,525)
<b>Cash flows from investing activities</b>			
Acquisition of tangible fixed assets	8	(137,769)	(5,826)
Capitalised development expenditure	7	(1,808,046)	(671,742)
<b>Net cash from investing activities</b>		(1,945,815)	(677,568)
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital		2,944,934	3,032,449
<b>Net cash from financing activities</b>		2,944,934	3,032,449
Net (decrease)/increase in cash and cash equivalents		(337,424)	2,070,356
Cash and cash equivalents at 1 January		2,108,624	38,268
Effect of exchange rate fluctuations on cash held		(663)	-
<b>Cash and cash equivalents at 31 December</b>	13	1,770,537	2,108,624

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Glint Pay Limited (the “Company”) is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 09507932 and the registered address is Unit 4.01 Tea Building, 56 Shoreditch Highstreet, London E1 6JJ, England.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

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:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at fair through the profit or loss.

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis which assumes the Group will continue in operational existence for the foreseeable future.

The group’s projections forecast a significant outflow of cash during 2018 to further develop the product and also penetrate the market during the Beta testing phase.

The directors are confident of securing any additional financial support that is required and consider it appropriate to prepare the financial statements on a going concern basis.

#### 1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31<sup>st</sup> December 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### 1.5 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:

- 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
- 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.

#### 1.6 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus 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.

##### *Investments in ordinary shares*

Investments are measured at cost less impairment in profit or loss.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7 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 computer equipment is treated differently to fixtures & fittings.

The company assesses at each reporting date whether tangible fixed assets 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. The estimated useful lives are as follows:

- computer equipment                      3 years
- software & licences                      2 years
- fixtures and fittings                      5 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.

#### 1.8 Intangible assets

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

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 the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing 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.

##### *Other intangible assets*

Other intangible assets that are acquired by the Company are 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:

- patents and trademarks                      5 years
- capitalised development costs                      5 years
- other capitalised development costs                      5 years

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication an intangible asset may be impaired.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.9 Stocks

Stocks are stated at the lower of cost and replacement cost. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

#### 1.10 Impairment excluding stocks

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the entity's non-financial assets, other than stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Employee benefits

##### *Share-based payment transactions*

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 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.

#### 1.12 Turnover

Revenue recognised consists of fees charged to clients on transactions made during the year and gold sold to our liquidity provider. It is measured at fair value at the time of the transactions.

#### 1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, [associates, branch, joint ventures] to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

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.

## Notes (continued)

### 2 Turnover

	01.01.2017 to 31.12.2017 £	01.04.2016 to 31.12.2016 £
Sale of gold	972	-
Fees	15	-
	<hr/>	<hr/>
Total turnover	987	-
	<hr/> <hr/>	<hr/> <hr/>

### 3 Expenses and auditor's remuneration

#### Auditor's remuneration:

	£	£
Audit of these financial statements	32,200	8,000
	<hr/> <hr/>	<hr/> <hr/>

### 4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Directors	3	3
Employees	14	1
	<hr/>	<hr/>
	17	4
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	1,136,479	202,644
Share based payments (See note 16)	162,418	-
Social security costs	135,323	20,554
Capitalised development costs	(883,140)	(177,809)
	<u>551,080</u>	<u>45,389</u>

### 5 Directors' remuneration

	2017 £	2016 £
Directors' remuneration	<u>288,381</u>	<u>163,309</u>

### 6 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2017 £	2016 £
Current tax on income	461,376	150,117
Deferred tax income/(expense) (see note 15)	76,980	(52,318)
Total tax	<u>538,356</u>	<u>97,799</u>

	2017 £	2017 £	2017 £	2016 £	2016 £	2016 £
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	461,376	76,980	538,356	150,117	(52,318)	97,799
Recognised in other comprehensive income	-	-	-	-	-	-
Recognised directly in equity	-	-	-	-	-	-
Total tax	<u>461,376</u>	<u>76,980</u>	<u>538,356</u>	<u>150,117</u>	<u>(52,318)</u>	<u>97,799</u>

Analysis of current tax recognised in profit and loss

	2017 £	2016 £
Research & development tax credit	<u>461,376</u>	<u>150,117</u>

## Notes (continued)

### Taxation (continued)

#### Reconciliation of effective tax rate

	20 £000	20 £000
Loss for the year	(1,134,841)	(251,043)
Total tax income	(538,356)	(97,799)
Loss excluding taxation	(1,673,197)	(348,842)
Tax using the UK corporation tax rate of 19% (2016: 20%)	(317,907)	(69,768)
Non-deductible expenses	10,126	(208,520)
Tax credit adjustment	(604,558)	
Difference in tax credit rate	143,185	57,343
Other temporary differences	229,410	123,146
Effect of change in tax rate	1,388	-
Total tax expense included in profit or loss	(538,356)	(97,799)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax assets and liabilities at the Balance Sheet date have been calculated based on these rates.

## Notes (continued)

### 7 Intangible assets and goodwill

#### Group

	Patents and trade- marks £	Development costs £	Other development costs £	Total £
<b>Cost</b>				
Balance at 1 January 2017	567	679,399	61,396	741,362
Additions – internally developed	-	883,140	-	883,140
Additions – externally purchased	-	742,410	182,495	942,905
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	567	2,304,949	243,891	2,549,407
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment</b>				
Balance at 1 January 2017	227	-	-	227
Amortisation for the year	113	38,417	4,065	42,595
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	340	38,417	4,065	42,822
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 1 January 2017	340	679,399	61,396	741,135
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	227	2,266,532	239,826	2,506,585
	<hr/>	<hr/>	<hr/>	<hr/>

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

## Notes (continued)

### 8 Tangible fixed assets

<i>Group</i>	<b>Computer equipment £</b>	<b>Software licenses £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost</b>				
Balance at 1 January 2017	5,826	-	-	5,826
Additions	93,919	33,000	10,850	137,769
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	99,745	33,000	10,850	143,595
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment</b>				
Balance at 1 January 2017	750	-	-	750
Depreciation charge for the year	11,100	4,125	543	15,768
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	11,850	4,125	543	16,518
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 1 January 2017	5,076	-	-	5,076
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	87,895	28,875	10,307	127,077
	<hr/>	<hr/>	<hr/>	<hr/>

### 9 Fixed asset investments

#### *Company*

	<b>Shares in group undertakings £000</b>
<b>Company</b>	
<b>Cost</b>	
At beginning of year	450,001
	<hr/>
At end of year	450,001
	<hr/>
<b>Provisions</b>	
At beginning of year	-
	<hr/>
At end of year	-
	<hr/>
<b>Net book value</b>	
At 1 January 2017	450,001
	<hr/>
At 31 December 2017	450,001
	<hr/>

## Notes (continued)

### 9 Fixed asset investments (continued)

	Registered office address	Registered number	Principal activity	Class and percentage of shares held	
<i>Subsidiary undertakings</i>					
Glint Pay UK Limited	Unit 4.01 Tea Building 56 Shoreditch High Street E1 6JJ London England	9696898	Research & development	Ordinary	100%
Glint Pay Services Limited	Unit 4.01 Tea Building 56 Shoreditch High Street E1 6JJ London England	10117131	Electronic Money Institution	Ordinary	100%

## Notes (continued)

### 10 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Glint debit cards	<u>16,040</u>	<u>-</u>	<u>-</u>	<u>-</u>

Glint debit cards recognised in profit and loss for the year amounted to £24 (2016: nil).

### 11 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts owed by subsidiary undertakings	-	-	4,644,889	2,526,225
Other debtors	618,309	265,954	3,207	-
Prepayments	137,901	-	-	-
	<u>756,210</u>	<u>265,954</u>	<u>4,648,096</u>	<u>2,526,225</u>

Other debtors include research & development tax credit amounting to £461,374 (2016: £165,267)

### 12 Gold

	Group 2017 £	2016 £	Company 2017 £	2016 £
Gold	<u>1,928</u>	<u>-</u>	<u>-</u>	<u>-</u>

Gold held consists of 62.207 grams of gold held at Brinks vault in Switzerland.

## Notes (continued)

### 13 Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>1,770,537</u>	<u>2,108,624</u>

### 14 Creditors: amounts falling due within one year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade creditors	94,560	94,070	-	-
Taxation and social security	52,718	-	-	-
Other creditors	5,382	33,940	213	-
Accruals	172,436	35,029	52,600	-
	<u>325,096</u>	<u>163,039</u>	<u>52,813</u>	<u>-</u>

Other creditors includes £2,942,647 (2016: nil) of financing received that is being capitalised after year end.

### 15 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2017 £	2016 £	Liabilities 2017 £	2016 £	Net 2017 £	2016 £
Accelerated capital allowances	4	-	(452,870)	(135,880)	(452,866)	(135,880)
Unused tax losses	467,651	73,685	-	-	467,651	73,685
	<u>436,796</u>	<u>73,685</u>	<u>(452,870)</u>	<u>(135,880)</u>	<u>14,785</u>	<u>(62,195)</u>

## Notes (continued)

### 16 Employee benefits

#### Share based payments

The Company operates share options scheme which is currently open to key permanent employees. During the year, 30,446 options over new Ordinary Shares of £0.01 were granted with a weighted average exercise price of £90.95 per option (2016: nil). No share options have been exercised during the year.

The conditions for vesting vary for directors and for the rest of the employees. For directors, options vest upon specific events specified in the their contract, whereas for employees these options vest 25% annually commencing from their employment start date and also upon specific events specified in the options contracts. All options must be exercised within ten years of the date of grant. Options are forfeited if the individual leaves the Company before the options vest.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2017	Number of options 2017	Weighted average exercise price 2016	Number of options 2016
Granted during the year	<b>£90.95</b>	<b>30,466</b>	-	-
Outstanding at the end of the year	<b>£90.95</b>	<b>30,466</b>	-	-
Exercisable at the end of the year	-	-	-	-

The fair value of services received is measured by reference to the fair value of share options granted and is based on recent transaction in the entity's share. This has been calculated at 120.14 per option.

The expected volatility is wholly based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information.

The fair value of services received is measured by reference to the fair value of share options granted and is based on recent transaction in the entity's share. This has been calculated at 120.14 per option.

The expected volatility is wholly based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information.

The total expenses recognised for the year from share-based payments are as follows:

	2017 £000	2016 £000
Total share based payment expense	<b>162,418</b>	-

## Notes (continued)

### 17 Capital and reserves

#### Share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
178,400 (2016: 153,800) ordinary shares of £0.01 each	1,784	1,583
	<u>1,784</u>	<u>1,583</u>

### 18 Financial instruments

#### Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Assets measured at fair value through profit or loss	1,770,537	2,108,624	1,009,900	187,321
Assets measured at amortised cost	753,710	265,953	5,095,957	2,974,918
Liabilities measured at amortised cost	3,267,530	163,039	52,600	-
	<u>1,770,537</u>	<u>2,108,624</u>	<u>1,009,900</u>	<u>187,321</u>

### 19 Commitments

#### Capital commitments

The Group has no contractual commitments to purchase tangible fixed assets at year-end (2016: nil).

The contractual commitments regarding acquisition of other development costs at the year-end were £6,825 (2016: nil).

### 20 Related parties

#### Group

##### Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £324,023 (2016: £163,902).

#### Company

##### Related party receivable balances

	2017 £000	2016 £000
Wholly owned subsidiaries:		
Glint Pay UK Limited	4,643,689	2,524,917
Glint Pay Services Limited	17,875	3,490
	<u>4,643,689</u>	<u>2,524,917</u>