

GLINT PAY UK LTD

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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COMPANIES HOUSE

COMPANY INFORMATION

Directors

J D Cozens
O Bolitho
H Fukuda OBE
M Grubb

Registered number

9696898

Registered office

Portman House
2 Portman Street
London
W1H 6DU

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
30 Finsbury Square
London
EC2A 1AG

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

Research and development

The Company has been developing Glint, a comprehensive micro-services architecture to create a highly scalable and resilient savings and 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.

Directors

The directors who served during the year were:

J D Cozens
B P M Davies (resigned 27 November 2018)
M S Mahaffey (resigned 27 November 2018)
O Bolitho
H Fukuda OBE
M Grubb

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

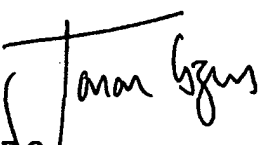
Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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


J D Cozens
Chairman and Director

Date: 8 August 2019

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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;
- 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLINT PAY UK LTD

Opinion

We have audited the financial statements of Glint Pay UK Ltd (the 'Company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the financial statements, which indicates that the company incurred a net loss of £1,611,453 during the year ended 31 December 2018. As indicated in Note 2.2, the company and parent group is currently raising additional capital and the Directors are confident, based on current discussions and capital raised in the post balance sheet period, that this will be achieved. If the required fundraising activity is not successful, the Group and company will not have sufficient resources to continue in operation for the foreseeable future. This indicates the existence of a material uncertainty, which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLINT PAY UK LTD (CONTINUED)

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLINT PAY UK LTD (CONTINUED)

Auditor's 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 Auditor's 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.

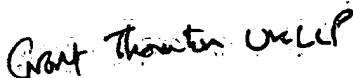
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Who we are reporting to

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.

Use of our report

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.



Steven Leith ACCA
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

8 August 2019

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover		250,456	-
Cost of sales		(46,127)	-
Gross profit		204,329	-
Administrative expenses		(2,521,979)	(1,609,795)
Operating loss		(2,317,650)	(1,609,795)
Interest receivable and similar income		65	-
Loss before tax		(2,317,585)	(1,609,795)
Tax on loss	7	706,132	536,436
Loss for the financial year		(1,611,453)	(1,073,359)

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

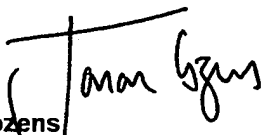
The notes on pages 9 to 24 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets		3,894,096	2,506,585
Tangible assets		81,410	127,077
		<u>3,975,506</u>	<u>2,633,662</u>
Current assets			
Stocks	7,906	16,040	
Debtors: amounts falling due within one year	2,247,625	777,175	
Cash at bank and in hand	84,721	297,794	
	<u>2,340,252</u>	<u>1,091,009</u>	
Creditors: amounts falling due within one year	(9,076,105)	(4,903,603)	
Net current liabilities		<u>(6,735,853)</u>	<u>(3,812,594)</u>
Total assets less current liabilities		<u>(2,760,347)</u>	<u>(1,178,932)</u>
Net liabilities		<u>(2,760,347)</u>	<u>(1,178,932)</u>
Capital and reserves			
Called up share capital		1	1
Share based payment reserve		192,456	162,418
Profit and loss account		(2,952,804)	(1,341,351)
		<u>(2,760,347)</u>	<u>(1,178,932)</u>

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


J D Cozens
Director
Date: 8 August 2019

The notes on pages 9 to 24 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	1	162,418	(1,341,351)	(1,178,932)
Comprehensive income for the year				
Loss for the year	-	-	(1,611,453)	(1,611,453)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(1,611,453)	(1,611,453)
Share based payment movement in the year	-	30,038	-	30,038
Total transactions with owners	-	30,038	-	30,038
At 31 December 2018	1	192,456	(2,952,804)	(2,760,347)

The notes on pages 9 to 24 form part of these financial statements.

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

	Called up share capital	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	1	-	(267,992)	(267,991)
Comprehensive income for the year				
Loss for the year	-	-	(1,073,359)	(1,073,359)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(1,073,359)	(1,073,359)
Equity-settled share based payments transactions	-	162,418	-	162,418
Total transactions with owners	-	162,418	-	162,418
At 31 December 2017	1	162,418	(1,341,351)	(1,178,932)

The notes on pages 9 to 24 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

Glint Pay UK Ltd (the "Company") is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 9696898 and the registered address is Portman House, 2 Portman Street, W1H 6DU, England.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The Company's parent undertaking, Glint Pay Ltd includes the Company in its consolidated financial statements. The consolidated financial statements of Glint Pay Ltd are available to the public and may be obtained from the Companies House website. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.2 Going concern**

In accordance with their responsibilities, the directors have considered and concluded upon the appropriateness of the going concern basis, which has been used in the preparation of these financial statements. In making this going concern assessment, the Directors have had regard to the following matters:

- the Company's current performance and planned growth;
- the Company's cashflow forecasts for a period of at least 12 month from the date of approval of these financial statements; and
- the Parent Company's track record of successful fund raising from shareholders and other investors, as evidenced in previous periods and the post balance sheet period, and the current financing options that are on offer under the financing round "PP3" already subscribed and in the current round of Series A fundraising.

The Directors have assumed that sufficient further funding will be made available to the Company in the 12 month period following approval of these financial statements. Such funding would enable the Company to execute its business plan, realise the significant commercial opportunities available to it, and meet its liabilities as they fall due. In common with similar businesses at this stage of development, and in light of the Company's dependence on further financing being made available to it from its existing and/or new shareholders or other providers of finance, the directors consider there to be a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business if additional capital is not secured.

Nevertheless, after making enquiries, and considering the uncertainties described above, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Company has continued to adopt the going concern basis in preparing the financial statements. The financial statements do not reflect any adjustments that would be required if the Company was unable to secure such financing.

2.3 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.4 Revenue**

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

Revenue recognised represents the charge for the use of the application for which the Glint service resides on. This is charged and recognised in the period in which it relates to.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.6 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.7 Pensions**Defined contribution pension plan**

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

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

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.8 Financial instruments (continued)**

impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 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 productions of new or substantially improved products or processes. The expenditure capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised 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 Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets amortised from the date they are available for use.

The estimated useful lives range as follows:

Patents	-	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 indicating an intangible asset may be impaired.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.12 Employee payment transactions

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 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.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)**2.15 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Share Based payment transactions

The group uses the Black Scholes model to determine the fair value of options granted to employees. The calculation require the use of estimates and assumptions. A change in these estimates or assumptions may affect changes to the profit and loss account over the vesting period of the award.

Amortisation

Intangible assets are being amortised over their deemed useful life. This period has been determined via a review of the asset considering both historic and future factors. The directors believe the amortisation periods applied reflect the estimated useful life of the asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	10,833	7,000
Accounts preparation (non audit)	833	-
	<u>11,666</u>	<u>7,000</u>

5. Staff numbers and costs

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	1,784,901	1,136,479
Share based payments (see note 17)	30,038	162,418
Social security costs	211,178	135,323
	<u>2,026,117</u>	<u>1,434,220</u>

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

	2018 No.	2017 No.
Directors	3	3
Employees	34	14
	<u>37</u>	<u>17</u>

6. Directors' remuneration

	2018 £	2017 £
Directors' remuneration	<u>340,340</u>	<u>288,381</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Taxation

	2018 £	2017 £
Corporation tax		
Research & development tax credit	(600,934)	(461,376)
Total current tax	<u>(600,934)</u>	<u>(461,376)</u>
Deferred tax		
Origination and reversal of timing differences	(105,198)	(75,060)
Total deferred tax (see note 14)	<u>(105,198)</u>	<u>(75,060)</u>
Taxation on loss on ordinary activities	<u>(706,132)</u>	<u>(536,436)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	<u>(2,317,585)</u>	<u>(1,609,795)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	(440,341)	(305,861)
Effects of:		
R&D Tax Credit	(787,418)	(604,558)
Difference in tax credit rate	186,494	143,185
Effect of change in corporate tax rate	-	1,390
Other temporary differences	335,133	229,408
Total tax charge for the year	<u>(706,132)</u>	<u>(536,436)</u>

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 TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Intangible assets

	Patents and trademarks £	Developmen t costs £	Other developmen t costs £	Total £
Cost				
At 1 January 2018	567	2,304,949	243,891	2,549,407
Additions	-	2,040,353	68,250	2,108,603
At 31 December 2018	567	4,345,302	312,141	4,658,010
Amortisation				
At 1 January 2018	340	38,416	4,066	42,822
Charge for the year	114	663,897	57,081	721,092
At 31 December 2018	454	702,313	61,147	763,914
Net book value				
At 31 December 2018	113	3,642,989	250,994	3,894,096
At 31 December 2017	227	2,266,533	239,825	2,506,585

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 TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Tangible fixed assets

	Computer equipment £	Software licenses £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2018	99,745	33,000	10,850	143,595
Additions	16,684	28,000	7,065	51,749
Disposals	-	(61,000)	-	(61,000)
At 31 December 2018	116,429	-	17,915	134,344
Depreciation				
At 1 January 2018	11,850	4,125	543	16,518
Charge for the year on owned assets	37,314	-	3,227	40,541
Disposals	-	(4,125)	-	(4,125)
At 31 December 2018	49,164	-	3,770	52,934
Net book value				
At 31 December 2018	67,265	-	14,145	81,410
At 31 December 2017	87,895	28,875	10,307	127,077

10. Stocks

	2018 £	2017 £
Glint debit cards	7,906	16,040

Glint debit cards recognised in profit and loss for the year amounted to £21,161 (2017: £24).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Debtors

	2018 £	2017 £
Amounts owed by group undertakings	1,401,038	17,875
Other debtors	605,650	608,535
VAT recoverable	62,655	-
Prepayments	60,220	137,901
Deferred taxation (see note 14)	118,062	12,864
	<u>2,247,625</u>	<u>777,175</u>

Other debtors include research & development tax credit amounting to £600,934 (2017: £461,374).

12. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	84,721	297,794
	<u>84,721</u>	<u>297,794</u>

13. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	125,467	94,560
Amounts owed to group undertakings	8,792,222	4,644,889
Other taxation and social security	90,325	52,718
Accruals	68,091	111,436
	<u>9,076,105</u>	<u>4,903,603</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Deferred taxation

	2018 £	2017 £
At beginning of year	12,864	-
Charged to profit or loss	105,198	12,864
At end of year	118,062	12,864

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(657,277)	(452,866)
Unused tax losses	775,339	465,730
	118,062	12,864

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Employee benefits

Share based payment

The Company operates a share options scheme which is currently open to key permanent employees, offering shares in Glint Pay Limited. The employees are employed by Glint Pay UK Limited. During the year, 25,521,214 (2017: 30,446,000) options over new Ordinary Shares of £0.00001 were granted with a weighted average exercise price of £0.11557 per option (2017: £0.09095). 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 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 2018 £	Number of options 2018 £	Weighted average exercise price 2017 £	Number of options 2017 £
Granted during the year	£0.11557	25,521,214	£0.09095	30,466,000
Outstanding at the end of the year	£0.10217	55,967,214	£0.09095	30,466,000
Exercisable at the end of the year	-	-	-	-

The fair value of services received is measured in reference to the fair value of share options granted and is based on recent market transactions, discounted for lack of marketability and lack of control.

The expected volatility is wholly based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information. The risk free interest rate used is that of a 10 year yield UK treasury bond.

Employee benefits (continued)

	2018 £	2017 £
Total share based payment expense	30,038	162,418

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1 ordinary shares of £1	1	1

17. Reserves**Share based payment reserve**

Includes share based payments issued but not yet paid.

Profit and loss account

Includes all current and prior period retained profits and losses.

18. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss	84,721	297,794
Financial assets measured at amortised cost	2,175,475	764,311
	<u>2,260,196</u>	<u>1,062,105</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>9,122,019</u>	<u>(4,902,404)</u>

19. Commitments**Capital commitments**

The Company has no contractual commitments to purchase tangible fixed assets at the year-end (2017: nil).

The company has no contractual commitments regarding acquisition of other development costs at the year-end (2017: £6,825)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

20. Related parties

The Company has taken advantage of the exemption provided in FRS102 from disclosing transactions with member of the same group that are wholly owned.

21. Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Glint Pay Ltd which is also the ultimate controlling party.

The smallest group in which they are consolidated is that headed by Glint Pay Ltd whose registered office address is Unit 4.01 Tea Building 56 Shoreditch High Street, London E1 6JJ, England. The consolidated financial statements of this group are available to the public on the Companies House website.