Ezbob Ltd

Directors' report and consolidated financial statements

Registered number 07852687
31 December 2018

Contents

Company Information

Directors	T Guriel G Aharoni A Littner
Company number	07852687
Registered office	120 New Cavandish street London W1W 6XX
Auditors	KPMG LLP 15 Canada Square London E14 5GL
Bankers	Silicon Valley Bank

Report of the Directors

Principal activity

Ezbob Ltd is a fintech company specializing in end to end digital lending solutions for financial institutions. Ezbob main activity is white labeling its solution. In 2017 and partially in 2018, Ezbob was also servicing its own loan book from its past lending to the SME market in the UK.

Review of business

Ezbob continued in 2018 its activity of white labeling its digital lending solution to financial institutions in the UK. The company invested in growing its operations, the team and other resources to enable more growth and scalability. In 2018, ezbob signed 1 major contract with a Financial institution in the UK to implement and service the solution and enable the Financial institution to provide better funding propositions to SME's.

Proposed dividend

The directors do not recommend the payment of a dividend for the financial year ending 31 December 2018 (2017: £nil).

Directors

The directors who held office during the period were as follows:
T. Guriel
G. Aharoni
A. Littner

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Going concern

The directors have, during the year, decided to concentrate on its core business of white-labelling its end-to-end lending solution.Whilst the Group has been loss-making to the tune of £5.2m, much of this was development costs in relation to bringing the solution into full operation with a number of clients.In addition, the directors are in discussion with a number of prospective clients. Since the year-end, the directors have continued to enhance the platform to expand its operations into new areas and new products .The shareholders are aware that additional funds may be required to take this next stage of development to its conclusion in a timely fashion.Were further equity funds not available, the Group would continue to develop the platform from current cash resources, and cash generated from new and existing customers. Based on the above, although the business is loss making, the directors have prepared the forecasts which indicates that the business is going concern

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

AUDITORS

The auditors, KPMG LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

By order of the board,

May 8, 2019
T Guriel
Director

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

The directors are responsible for preparing the Directors' Report and the consolidated 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 financial statements in accordance with applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 judgements and estimates that are reasonable and prudent;
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the 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 company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EZBOB Ltd

Opinion

We have audited the financial statements of Ezbob Limited ("the company") for the year ended 31 December 2018, which comprise the which comprise the consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity and 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 company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of 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 company 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.

Brexit other matter paragraph

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EZBOB Ltd *(continued)*

Directors' report

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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, 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 exemption from the requirement to prepare a strategic report. We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3,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 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 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.

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.

Craig Douglas (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
KPMG LLP
15 Canada Square
London, E14 5GL
13 May 2019

Consolidated statement of comprehensive income

for the year ended 31 December 2018

	Note	**Period from 1 January 2018 to 31 December 2018**	**Period from 1 January 2017 to 31 December 2017**
		£	**£**
Turnover	*4*	**3,799,583**	5,304,879
Cost of sales		**(2,374,396)**	(2,217,673)
Gross profit		**1,425,187**	3,087,206
Administrative expenses	*2,3*	**(6,373,675)**	(7,493,946)
Financial expenses, net		**(80,344)**	-
Loss on ordinary activities before taxation		**(5,028,831)**	(4,406,740)
Tax on profit on ordinary activities	*7*	**(217,248)**	(120,965)
Loss on ordinary activities after taxation		**(5,246,079)**	(4,527,705)
Other comprehensive income			
Foreign exchange differences on translation of foreign operations		**49,970**	(13,076)
Total comprehensive income for the period		**(5,196,109)**	(4,540,781)

The accompanying notes on pages 8-15 form an integral part of these condensed consolidated financial statements

Consolidated Balance Sheet

at 31 December 2018

	Note	**31 December 2018**	**31 December 2018**	31 December 2017	31 December 2017
		£	**£**	£	£
Tangible assets	*8*		**289,087**		334,733
Intangible asset	*9*		**152,257**		259,764
			441,344		594,497
Current assets					
Debtors	*11*	**1,142,609**		1,495,812	
Deposits		**750,000**			
Cash and cash equivalates	*7*	**4,112,719**		3,458,706	
		6,005,328		4,954,518	
Creditors: amounts falling due within one year	*12*	**(2,712,168)**		(1,602,217)	
Net current assets			**3,293,160**		3,352,301
Libilities:					
Financial liability:amount falling due after one year	*13*		**(1,608,333)**		-
Net assets			**2,126,171**		3,946,798
Capital and reserves					
Called up share capital	*14*		**2,602**		2,436
Share premium account	*15*		**30,487,217**		27,293,755
Share options reserves	*15*		**239,492**		57,637
Retranslation reserve	*15*		**(39,767)**		(89,737)
Profit and loss account			**(28,563,372)**		(23,317,293)
Equity			**2,126,171**		3,946,798

The accompanying notes form an integral part of these consolidated financial statements.

These condensed consolidated interim financial statements were approved by the board of directors on 8 May 2019 And were signed on its behalf by:

T. Guriel
Director
Company registered number:07852687

Company Balance Sheet

at 31 December 2018

	Note	31 December 2018	31 December 2018	31 December 2017	31 December 2017
		£	£	£	£
Fixed assets					
Tangible assets	*8*		**37,853**		57,843
Intangible asset	*9*		**152,257**		259,764
Investments	*10*		**12**		12
			190,122		317,619
Current assets					
Debtors	*11*	**913,102**		1,391,867	
Deposits		**750,000**		-	
Cash at bank and in hand		**3,116,710**		2,818,899	
		4,779,812		4,210,766	
Creditors: amounts falling due within one year	*12*	**(6,976,630)**		(5,961,674)	
Net current assets			**(2,196,818)**		(1,750,908)
Total assets less current liabilities			**(2,006,696)**		(1,433,289)
Libilities:					
Financial liability:amount falling due after one year	*13*		**(1,608,333)**		-
Net assets			**(3,615,029)**		(1,433,289)
Capital and reserves					
Called up share capital	*14*		**2,602**		2,436
Share premium account	*15*		**30,487,205**		27,293,743
Profit and loss account	*15*		**(34,104,836)**		(28,729,468)
Equity			**(3,615,029)**		(1,433,289)

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the board of directors on 8 May 2019 and were signed on its behalf by:

T. Guriel
Director

Company registered number: 07852687

Consolidated Statements of Changes in Equity

for the year ended 31 December 2017

	Called up Share capital	Share Premium account	Revaluation reserve	Profit & loss account	Share options reserves	Total equity
	£	£	£	£	£	£
Balance at 1 January 2017	2,435	27,293,755	(76,661)	(18,789,588)	-	8,429,941
	2,435	27,293,755	(76,661)	(18,789,588)	-	8,429,941
Total comprehensive income for the period						
Loss	-	-	-	(4,527,705)	-	(4,527,705)
Other comprehensive income	-	-	(13,076)	-	-	(13,076)
Total comprehensive income for the period	-	-	(13,076)	(4,527,705)	-	(4,540,781)
Equity-settled share based payment transactions	1	-	-	-	-	1
Share options charge	-	-	-	-	57,637	57,637
Balance at 31 December 2017	**2,436**	**27,293,755**	**(89,737)**	**(23,317,293)**	**57,637**	**3,946,798**

Consolidated Statements of Changes in Equity
for the year ended 31 December 2018

	Called up Share capital	**Share Premium account**	**Revaluation reserve**	**Profit & loss account**	**Share options reserves**	**Total equity**
	£	**£**	**£**	**£**	**£**	**£**
Balance at 1 January 2018	2,436	27,293,755	(89,737)	(23,317,293)	57,637	3,946,798
	2,436	27,293,755	(89,737)	(23,317,293)	57,637	3,946,798
Total						
Loss	-	-	-	(5,246,079)	-	(5,246,079)
Other comprehensive income	-	-	49,970	-	-	49,970
Total comprehensive income for the period	-	-	49,970	(5,246,079)	-	(5,196,110)
Premium on share issues, less expenses	166	3,193,462	-	-	-	3,193,628
Share options charge	-	-	-	-	181,855	181,855
Balance at 31 December 2018	**2,602**	**30,487,217**	**(39,767)**	**(28,563,373)**	**239,492**	**2,126,171**

The accompanying notes from part of these financial statements

Notes to the consolidated financial statements
(forming part of the financial statements)

1. Accounting policies

Basis of preparation

These consolidated financial statements comprise of the Company and its subsidiaries ('the Group').

These consolidated financial statements were prepared in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in September 2015.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The same accounting policies and methods of computation have been followed in these interim financial statements as compared with the most recent annual financial statements except for these detailed below.
Under Section 1A of FRS 102 the company is not required to prepare cash flow statements.

Despite the loss making position of the Group (loss of £5,246,079 in the year ended 31 December 2018), the directors have prepared the financial statements on a going concern basis which they believe to be appropriate for the reasons set out below.

In 2018, the Company received equity investments totaling £3,250,000 consisting of £2,250,000 from GLOBAL FINTEC SOLUTIONS S.C.A. on 25 January 2018 and £1,000,000 from Honeycomb Investment Trust PLC on 13 April 2018. Whilst the Group has been loss-making to the tune of £5.2m, much of this was development costs in relation to bringing the solution into full operation with a number of clients.In addition, the directors are in discussion with a number of prospective clients. Since the year-end, the directors have continued to enhance the platform to expand its operations into new areas and new products .The shareholders are aware that additional funds may be required to take this next stage of development to its conclusion in a timely fashion.Were further equity funds not available, the Group would continue to develop the platform from current cash resources, and cash generated from new and existing customers. Based on the above, although the business is loss making, the directors have prepared the forecasts which indicates that the business is a going concern.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2018. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

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

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:

(a) 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

Notes (continued)

1 Accounting policies *(continued)*

(b) 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.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

Basic financial instruments

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Interest bearing borrowings

Interest-bearing borrowings are recognised initially at the transaction price (less transaction costs). Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. Comparative figures were prepared in accordance with UK GAAP and have not been restated in order to comply with this accounting policy because the entity is small and FRS 102 has been adopted in a period commencing before 1 January 2017.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

On consolidation, the assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken directly to a separate component of equity.

Intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated

Notes *(continued)*

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred with the exemption of capitalized development costs during the period.

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 direct labour 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.

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:

Development costs	-3 years [33% per annum]

Impairment of fixed assets

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by the UK Generally Accepted Accounting Practice applicable to Smaller Entities.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

Share-based payments

During the twelve months, the Company issued a total of 277,968 equity settled share-based payment options to 33 employees, whereby services are rendered in exchange for rights over 277,968 shares of the Company for an exercise price £1.5. The options vest on the expiry of a 1-4 year period, on condition that the grantees continue to provide services to the Company.

In addition, during the year, 107,138 employee options expired, and 167,300 options were exercised on a cashless exercise basis resulting in the issuance of 28,876 shares.

As of 31 December 2018, the number of outstanding employee and director options was 1,561,822, with an average exercise price of £2.3

Loans and interest income

Advances to customers are initially recorded at cost, being the amount advanced to the customer. Interest income is recognised in the income statement using the monthly interest rate explicit in the loan arrangement. Set up fee income is included within the interest income and forms part of the effective interest rate, being recognised over the life of the loan. Loans are assessed collectively for impairment once objective evidence is available that the group of loans is impaired. In the event of an impairment, the carrying amount of the group of assets is reduced through the use of a provision and the amount of the loss is recognised in the income statement.

Development services income

Income from development services is recognised in the income statement according to the stage of completion of the relevant contract.

Notes *(continued)*

2 Operating costs

	2018	2017
	£	£
Loss on ordinary activities before taxation is stated after charging:		
Depreciation	**102,284**	129,273
Operating lease expense	**479,894**	693,771

Auditor's remuneration:

	2018	2017
	£	£
Audit of these financial statements	**34,000**	34,000
Quarterly reviews	**15,000**	16,500

3 Remuneration of directors

	2018	2017
	£	£
Amounts paid to third parties in respect of directors' services	**231,998**	232,000

4 Turnover

	2018	2017
Turnover according to class of revenue stream:	**£**	£
Interest income	**68,291**	2,511,869
Development services income	**3,731,292**	2,793,010
Total turnover	**3,799,583**	5,304,879

Notes *(continued)*

5 Staff numbers and costs

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

Group

	2018	2017
Staff	54	40
Directors	3	3
	57	43

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£	£
Wages and salaries	3,635,251	2,195,149
Social security and other pension costs	876,302	606,233
	4,511,553	2,801,382

6 Interest payable and similar charges

	2018	2017
	£	£
On all loans (included in cost of sales)	-	873,766
Similar charges (included in cost of sales)	-	558,023
	-	1,431,789

7 Taxation

	2018	2017
	£	£
Current year tax		
Current tax	217,248	120,965
	217,248	120,965
Reconciliation of total tax charge included in the profit and loss		
Loss before taxes on income	(5,028,831)	(4,406,740)
Statutory tax rate	19%	20%
Tax computed at the statutory tax rate	(955,478)	(881,348)
Loss for which deferred taxes were not recognized	955,478	881,348
Current tax in Israel	217,248	120,965
Total	217,248	120,965

The company has accumulated carryforward tax losses of £30,492,954 (2017: £25,236,866) for which it did not recognize a deferred tax asset as it does not see it being recovered in the foreseeable future.

Notes *(continued)*

8 Tangible fixed assets

	Plant and machinery £	Plant and machinery £
Group		
Cost		
At beginning of year	760,110	760,110
Additions	56,636	56,636
At end of year	816,746	816,746
Depreciation		
At beginning of year	425,377	425,377
Charge for year	102,284	102,284
At end of year	527,661	527,661
Net book value		
At 31 December 2018	**289,086**	**289,086**
At 31 December 2017	334,733	334,733

	Plant and machinery £	Plant and machinery £
Company		
Cost		
At beginning of year	329,560	329,560
Additions	9,167	9,167
At end of year	338,727	338,727
Depreciation		
At beginning of year	271,717	271,717
Charge for year	29,157	29,157
At end of year	300,874	300,874
Net book value		
At 31 December 2018	**37,853**	**37,853**
At 31 December 2017	57,843	57,843

Notes *(continued)*

9 Intangible assets

	Intangible assets	Total
	£	£
Group and Company		
Cost		
At beginning and end of year	622,520	622,520
Amortisation		
At beginning of year	362,756	362,756
Charge for year	107,507	107,507
At end of year	470,263	470,263
Net book value		
At 31 December 2018	152,257	152,257
At 31 December 2017	259,764	259,764

10 Investments

	Investments in subsidiaries	Total
Investment	£	£
Company		
Cost		
At beginning of year	1,120,998	1,120,998
Impairment	(1,120,986)	(1,120,986)
At end of year	12	12
Net book value		
At 31 December 2018	12	12
At 31 December 2017	12	12

The principal undertakings in which the Company's interest at the year end is more than 20% are as follows;

	Country of incorporation	Registered number	Principal activity	Class and percentage of shares held	Amount of capital and reserves	Profit for the period
Subsidiary undertakings						
Ezbob UK Limited	United Kingdom	08152728	Admin. duties	Ordinary 100%	£4,613,600	£18,381
Ezbob IT Limited	Israel	Not applicable	Admin. duties	Ordinary 100%	£863,750	£292,759
Everline Holdco Limited	United Kingdom	9411740	Dormant	Ordinary 100%	-	-
EZBOB BG Ltd	Bulgaria	205085736	Dormant	Ordinary 100%	-	-

Notes *(continued)*

11 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
Finance receivables	-	496,878	-	496,878
Trade debtors	**812,201**	794,130	**803,812**	794,130
Other debtors	**42,004**	9,380	**41,994**	9,370
Prepayments	**288,404**	195,424	**67,296**	91,489
	1,142,609	1,495,812	**913,102**	1,391,867

12 Creditors

	Group 2018 £	2017 £	Company 2018 £	2017 £
Trade creditors	**369,063**	352,757	**110,887**	144,556
Amounts owed to subsidiary	-	-	**5,362,726**	5,118,496
Other creditors	**134,387**	505,353	**143,056**	525,019
Amounts received for transfer to others	**251,000**	-	-	-
Accruals	**693,328**	658,258	**95,571**	87,753
Lon repayments	**1,200,000**	-	**1,200,000**	-
Provisions	**64,390**	85,850	**64,390**	85,850
	2,712,168	1,602,217	**6,976,630**	5,961,674

13 Long term loan

In October 2018 the company signed on a loan agreement with Mizrahi Tefahot Bank Limited, London branch, ("the bank"). Under the agreement the bank grants the company a secured sterling loan facility of up to GBP 3,000,000 which will be repaid in 30 monthly instalments with a nominal interest rate of 7.2%. The loan is secured by a deposit held in the bank in a amount of GBP 750,000.

Repayment schedule:

2019	**1,200,000**
2020	**1,200,000**
2021	**408,333**
	2,808,333

14 Called up share capital

Company	**2018** £	2017 £
Allotted, called up and fully paid		
15,296,492 (2017: 149,251) Ordinary shares of £0.0001 each (2017: £0.01)	**1,529**	1,494
	1,529	1,494
10,726,368 (2017: 94,265) non redeemable Preference shares of £0.0001 each (2017: £0.01 each)	**1,073**	942
	1,073	942
	2,602	2,436

Notes *(continued)*

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.On 25/01/2018, the company issued 8,999 Preferred Shares of £0.01 (later split into 899,900 Preferred Shares of 0.0001) for a consideration of £250.03 per share, giving rise to £250.02 premium per share issued, and £2,249,930 in the aggregate

On 13/04/2018, the company issued 399,968 Preferred Shares of £0.0001 for a consideration of £2.5002 per share, giving rise to £2.5001 premium per share issued, and £999,960 in the aggregate

On March 20, 2018, the Company effected a 1:100 subdivision of the share capital of the Company, such that each Ordinary Share of £0.01each in the Company was subdivided into 100 Ordinary Shares of £0.0001each, and each Preferred A Share of £0.01each in the Company was subdivided into 100 Preferred A Shares of £0.0001each.

15 Share premium and reserves

Group

	Share premium account	Retranslation reserve	Share options reserves	Profit and loss account
	£	£	£	£
At beginning of period	27,293,755	(89,737)	57,637	(23,317,293)
Loss for the period	-	-	-	(5,246,079)
Premium on share issues, less expenses	3,193,462	-	-	-
Share options reserves	-	-	181,855	-
Exchange adjustment	-	49,970	-	-
At end of period	**30,487,217**	**(39,767)**	**239,492**	**(28,563,372)**

Company

	Share premium account	Profit and loss account
	£	£
At beginning of period	27,293,743	(28,729,468)
Premium on share issues, less expenses	3,193,462	
Loss for the period	-	(5,375,368)
At end of period	**30,487,205**	**(34,104,836)**

Notes *(continued)*

16 Related party disclosures

	Administrative expenses incurred from	
	2018	**2017**
	£	**£**
Entities with control, joint control or significant influence	231,998	232,000
Entities over which Company has control, joint control or significant influence	6,105	5,190,160
Key management personnel of the Company	181,299	177,924
At 31 December 2018	**419,402**	**5,600,084**

These administrative expenses include compensation for directors services, advisory services, key management compensation and management charges.

	Creditors outstanding	
	At 31 December 2018	**At 31 December 2017**
	£	**£**
Entities with control, joint control or significant influence	18,333	18,333
Entities over which Company has control, joint control or significant influence	5,362,726	5,118,496
Key management personnel of the Company	13,178	14,827
	5,394,237	**5,151,656**

17 Contingent liabilities

In September 2017 a former employee of the Israeli subsidiary initiated a lawsuit against the Israeli subsidiary in the amount of approximately GBP 80,000, claiming damages resulting from the Israeli subsidiary's alleged failure to properly make deposits to her pension fund, resulting in her pension fund denying her coverage for disability benefits. The company has not yet filed its answer to the complaint. The former employee passed away in October 2017 and her estate filed a request to amend the complaint to add claims for life survivor pensions benefits. The request did not state the amount of the amended claim The company has been advised by its lawyers that it has good defences, which will more likely than not be successful.