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REGISTERED NUMBER: 07348797 (England and Wales)

**Report of the Directors and
Financial Statements
for the year ended 31st January 2020
for
Hubwise Holdings Limited**



Hubwise Holdings Limited
(company number 07348797)

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for the year ended 31st January 2020**

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Hubwise Holdings Limited
(company number 07348797)

Company Information
for the year ended 31st January 2020

DIRECTORS:

Gary Kenny
Angus Macdonald
Jeffrey Plowman
Nicholas Thomas
Douglas Boyce
Helen Macdonald
Richard Goodall

REGISTERED OFFICE:

Waverley Court
Wiltell Road
Lichfield
Staffordshire
WS14 9ET

REGISTERED NUMBER:

07348797 (England and Wales)

AUDITORS:

Crowe U.K. LLP
4 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EE

Hubwise Holdings Limited
(company number 07348797)

Report of the Directors
for the year ended 31st January 2020

The Directors present their report with the financial statements of the Company for the year ended 31st January 2020.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of a holding company. The Company is the ultimate parent undertaking of the Hubwise Group. The principal activity of the Group in the year under review was the provision of technology, software and administration to financial institutions to facilitate trade execution and safe custody of assets within various tax wrappers.

REVIEW OF BUSINESS

The consolidated loss for the year was £808,231 (2019: £375,934).

DIVIDENDS

No dividends will be distributed for the year ended 31st January 2020.

DIRECTORS

The Directors of the Company who served during the year were:

Victoria Heminsley - resigned 10/10/19
Gary Kenny
Angus Macdonald
Jeffrey Plowman
Nicholas Thomas
Martin Ratcliffe - resigned 10/10/19
Douglas Boyce - appointed 10/10/19
Helen Macdonald - appointed 10/10/19
Richard Goodall - appointed 10/10/19

GOING CONCERN

The Directors have reviewed the cash requirements of the Company and the Group for the next twelve months. Through the onboarding of new clients, growth of existing clients and positive forecast cash reserves, the Directors have concluded that both the Company and the Group have sufficient cash resources to meet their needs as they fall due.

In their assessment the Directors have considered the current and developing impact on the business as a result of the COVID19 virus. This has not had a significant, immediate impact on the company's operations with assets under administration having increased by £1.3bn over the last 12 months, but the Directors are aware that if the current situation becomes prolonged then this may change. Also, On 17th June 2020 1,000,000 redeemable preference shares were allotted and fully paid for at £1 each.

Accordingly, the Directors consider it is appropriate to prepare the financial statements on the going concern basis.

EVENTS AFTER THE BALANCE SHEET DATE

See note 21 for post balance sheet events.

Hubwise Holdings Limited
(company number 07348797)

Report of the Directors (continued)
for the year ended 31st January 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 International Financial Reporting Standards (IFRS) as adopted by the European Union. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO AUDITORS

So far as each Director is aware at the time the report is approved:

- there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Crowe U.K. LLP, will be proposed for re-appointment at the Annual General Meeting in accordance with Section 485 of the Companies Act 2006.

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 on 28th January 2021 and signed on its behalf.



Angus Macdonald
Director

Hubwise Holdings Limited
(company number 07348797)

**Independent Auditor's Report to the Shareholders of
Hubwise Holdings Limited**

Opinion

We have audited the financial statements of Hubwise Holdings Limited (the "parent company") and its subsidiaries (the "group") for the year ended 31st January 2020 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Cash Flow Statement, 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 the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 January 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006;
- the financial statements 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 group 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.

Conclusions relating to going concern

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

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

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.

**Independent Auditor's Report to the Shareholders of
Hubwise Holdings Limited (continued)**

Other information (continued)

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.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.
- the directors were not entitled take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Hubwise Holdings Limited
(company number 07348797)**

**Independent Auditor's Report to the Shareholders of
Hubwise Holdings Limited (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.

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.



Ian Weekes
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
4 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EE
Date: 28/01/2021

Hubwise Holdings Limited
(company number 07348797)

**Consolidated Statement of Comprehensive Income
for the year ended 31st January 2020**

	Notes	2020 £	2019 £
Revenue		2,401,656	1,548,103
Cost of sales		<u>(429,703)</u>	<u>(358,577)</u>
GROSS PROFIT		1,971,953	1,189,526
Administrative expenses		<u>(2,856,292)</u>	<u>(1,623,198)</u>
OPERATING LOSS		(884,339)	(433,672)
Finance income	4	994	313
Finance expense	5	<u>(14,204)</u>	<u>0</u>
LOSS BEFORE TAX	3	(897,549)	(433,359)
Tax credit / (charge) on loss	7	<u>89,317</u>	<u>57,425</u>
LOSS FOR THE YEAR		<u>(808,232)</u>	<u>(375,934)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>(808,232)</u>	<u>(375,934)</u>

The notes on pages 12 to 29 form part of these financial statements

Hubwise Holdings Limited
(company number 07348797)

Statement of Changes in Equity
for the year ended 31st January 2020

<u>Group - prior year</u>	Share capital	Share premium	Share option reserve	Retained loss	Total
	£	£	£	£	£
As at 1st February 2018	1,267,418	759,918	0	(1,144,733)	882,603
Loss for the year	0	0	0	(375,934)	(375,934)
Issue of share capital	1,800,082	1,800,082	0	0	3,600,164
As at 31st January 2019	3,067,500	2,560,000	0	(1,520,667)	4,106,833
<u>Group - current year</u>	Share capital	Share premium	Share option reserve	Retained loss	Total
	£	£	£	£	£
As at 1st February 2019	3,067,500	2,560,000	0	(1,520,667)	4,106,833
Loss for the year	0	0	0	(808,232)	(808,232)
Issue of share capital	180,654	180,654	0	0	361,308
Share options granted	0	0	267,235	0	267,235
As at 31st January 2020	3,248,154	2,740,654	267,235	(2,328,899)	3,927,144
<u>Company - prior year</u>	Share capital	Share premium	Share option reserve	Retained loss	Total
	£	£	£	£	£
As at 1st February 2018	1,267,418	759,918	0	0	2,027,336
Result for the year	0	0	0	0	0
Issue of share capital	1,800,082	1,800,082	0	0	3,600,164
As at 31st January 2019	3,067,500	2,560,000	0	0	5,627,500
<u>Company - current year</u>	Share capital	Share premium	Share option reserve	Retained loss	Total
	£	£	£	£	£
As at 1st February 2019	3,067,500	2,560,000	0	0	5,627,500
Result for the year	0	0	0	0	0
Issue of share capital	180,654	180,654	0	0	361,308
Share options granted	0	0	267,235	0	267,235
As at 31st January 2020	3,248,154	2,740,654	267,235	0	6,256,043

The share premium reserve comprises the premium paid over the nominal value of the shares issued.

The share option reserve comprises the value of share options exercised.

The retained earnings reserve represents the cumulative deficit of the group/company.

The notes on pages 12 to 29 form part of these financial statements

Hubwise Holdings Limited
(company number 07348797)

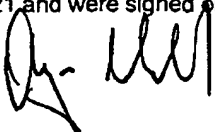
Consolidated Statement of Financial Position
As at 31st January 2019

	Notes	2020 £	2019 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	59,190	48,049
Intangible fixed assets	9	3,454,419	3,331,973
Right of use asset	10	257,644	0
Deferred tax asset	7	33,543	28,174
		<u>3,804,796</u>	<u>3,408,196</u>
CURRENT ASSETS			
Trade and other receivables	12	494,371	1,066,952
Corporation tax		41,909	54,749
Cash and cash equivalents	13	1,036,454	897,480
		<u>1,572,734</u>	<u>2,019,181</u>
TOTAL ASSETS		<u>5,377,530</u>	<u>5,427,377</u>
SHAREHOLDERS' EQUITY			
Called up equity share capital	14	3,248,154	3,067,500
Share premium		2,740,654	2,560,000
Share option reserve		267,235	0
Profit and loss account		(2,328,899)	(1,520,667)
		<u>3,927,144</u>	<u>4,106,833</u>
LONG TERM LIABILITIES			
Lease liability	10	242,216	0
		<u>242,216</u>	<u>0</u>
CURRENT LIABILITIES			
Trade and other payables	15	590,984	523,042
Other financial liabilities	16	92,073	250,000
Corporation tax liability		0	1,634
Lease liability	10	21,286	0
Deferred tax liability	7	503,827	545,868
		<u>1,208,170</u>	<u>1,320,544</u>
TOTAL LIABILITIES		<u>£1,450,386</u>	<u>£1,320,544</u>
TOTAL EQUITY AND LIABILITIES		<u>5,377,530</u>	<u>5,427,377</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The result for the company for year ended 31st January 2020 is £0 (2019: £0)

These financial statements were approved and authorised for issue by the Board of Directors on 28th January 2021 and were signed on its behalf by:



Angus Macdonald
Director

The notes on pages 12 to 29 form part of these financial statements

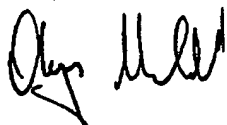
Hubwise Holdings Limited
(company number 07348797)

Company Statement of Financial Position
As at 31st January 2019

	Notes	2020 £	2019 £
ASSETS			
NON-CURRENT ASSETS			
Investment in subsidiary undertakings	11	<u>3,308,693</u>	<u>3,041,458</u>
		3,308,693	3,041,458
CURRENT ASSETS			
Trade and other receivables	12	<u>2,622,920</u>	<u>2,467,486</u>
Cash and cash equivalents	13	<u>437,244</u>	<u>368,558</u>
		3,060,164	2,836,044
TOTAL ASSETS		<u>6,368,857</u>	<u>5,877,502</u>
SHAREHOLDERS' EQUITY			
Called up equity share capital	14	<u>3,248,154</u>	<u>3,067,500</u>
Share premium		<u>2,740,654</u>	<u>2,560,000</u>
Share option reserve		<u>267,235</u>	<u>0</u>
Profit and loss account		<u>0</u>	<u>0</u>
		6,256,043	5,627,500
LIABILITIES			
Trade and other payables	15	<u>20,741</u>	<u>2</u>
Other financial liabilities	16	<u>92,073</u>	<u>250,000</u>
		112,814	250,002
TOTAL EQUITY AND LIABILITIES		<u>6,368,857</u>	<u>5,877,502</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements were approved and authorised for issue by the Board of Directors on 28th January 2021 and were signed on its behalf by:



Angus Macdonald
Director

The notes on pages 12 to 29 form part of these financial statements

Hubwise Holdings Limited
(company number 07348797)

Consolidated Cash Flow Statement
for the year ended 31st January 2020

	Notes	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		(897,549)	(433,359)
Share options granted		267,235	0
Finance income	4	(994)	(313)
Finance expense	5	14,204	0
Depreciation of leased assets	10	25,122	0
Amortisation charge	9	406,622	103,160
Depreciation charge	8	29,712	11,624
		<hr/>	<hr/>
OPERATING CASH FLOW		(155,649)	(318,888)
(Increase) / decrease in receivables		572,581	(781,351)
Increase / (decrease) in payables		66,308	198,064
		<hr/>	<hr/>
CASH USED BY OPERATIONS		483,241	(902,175)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		994	313
Cash acquired on acquisition		0	98,961
Purchase of property, plant and equipment		(29,143)	(13,660)
Cash received from R&D HMRC claim		54,748	0
Purchase of intangible assets		(529,068)	(157,135)
		<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES		(502,469)	(71,521)
CASH FLOWS FROM FINANCING ACTIVITIES			
Client bond deposit		(157,927)	0
Lease payments		(33,468)	0
Net proceeds on issue of shares		361,308	909,164
		<hr/>	<hr/>
NET CASH FROM FINANCING ACTIVITIES		169,913	909,164
		<hr/>	<hr/>
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		150,685	(64,532)
Cash and cash equivalents at the beginning of the year	11	897,479	962,012
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	1,048,164	897,480
		<hr/>	<hr/>

The notes on pages 12 to 29 form part of these financial statements

Hubwise Holdings Limited
(company number 07348797)

Company Cash Flow Statement
for the year ended 31st January 2020

	Notes	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		<u>0</u>	<u>0</u>
OPERATING CASH FLOW		<u>0</u>	<u>0</u>
(Increase) / decrease in receivables		(155,434)	(1,055,437)
Increase / (decrease) in payables		<u>(137,188)</u>	<u>250,000</u>
CASH USED BY OPERATIONS		<u>(292,622)</u>	<u>(805,437)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds on issue of shares		<u>361,308</u>	<u>909,164</u>
NET CASH FROM FINANCING ACTIVITIES		<u>361,308</u>	<u>909,164</u>
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>68,686</u>	<u>103,727</u>
Cash and cash equivalents at the beginning of the year	11	<u>368,558</u>	<u>264,831</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	<u><u>437,244</u></u>	<u><u>368,558</u></u>

The notes on pages 12 to 29 form part of these financial statements

Hubwise Holdings Limited
(company number 07348797)

Notes to the Financial Statements
for the year ended 31st January 2020

1 ACCOUNTING POLICIES

1 General Information

The financial statements of Hubwise Holdings Limited for the year ended 31st January 2020 were authorised for issue by the directors on 28th January 2021. The Company is a limited company incorporated and domiciled in England. The registered office is located at Waverley Court, Wiltell Road, Lichfield, Staffordshire, WS14 9ET. The Companies House number is 07348797.

The principal activities of the Company are described in the Report of the Directors.

2 Basis of preparation

The Company has adopted the requirements of IFRS and IFRIC interpretations endorsed by the European Union (EU) and those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. The financial statements have been prepared under the historical cost convention.

The Directors have reviewed the cash requirements of the Company and the Group for the next twelve months and have concluded that both have sufficient cash resources to meet their needs as they fall due. Accordingly, the Directors consider it is appropriate to prepare the financial statements on the going concern basis.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU. These are unlikely to have an impact on the Company.

- Conceptual Framework and Amendments to References to the Conceptual Framework in IFRS Standards 1 January 2020
- Amendments to IFRS 3 Business Combinations 1 January 2020
- Amendments to IAS 1 and IAS 8: Definition of Material 1 January 2020

3 Basis of consolidation

The Group financial undertakings consolidate the financial statements of the Company and its subsidiary undertakings. The purchase method of accounting has been adopted in accordance with IFRS 3 'Business combinations'. Under this method the results of all the subsidiary undertakings are included in the consolidated income statement from the date of acquisition. Intra-Group sales and profits are eliminated on consolidation and all sales and profit and loss figures relate to external transactions only.

4 Management judgements and estimates

Accounting estimates and judgements have been made in the process of applying the Company's accounting policies.

It has been judged that the development of software which has been capitalised, meet the criteria of

It has been considered to be appropriate to prepare the financial statements on the going concern basis having reviewed the cash requirements of the Company and the Group for the next twelve months and concluding that both have sufficient cash resources to meet their needs as they fall due.

The lease on the property from which the group operates has a break date in 2025. The directors consider that this break will not be taken and therefore have calculated the lease liability to the full contractual term of 2030

Hubwise Holdings Limited
(company number 07348797)

Notes to the Financial Statements
for the year ended 31st January 2020

1 ACCOUNTING POLICIES (continued)

5 Summary of significant accounting policies

(a) Revenue

Revenue represents commissions and fees receivable in the normal course of business net of VAT, and is accrued for over the period for which these services are provided.

(i) Finance income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(ii) Software Development

Income is recognised on completion of the build phase and delivery to the underlying client and is also billed at this point and is payable on 30 day terms. Where a contract has only partially been completed at the statement of financial position date revenue represents the value of the service provided to date based on a proportion of the total contract value.

(iii) Administration and Support

This mainly consists of an ongoing fixed fee and a small amount of variable costs based on trading activity and is billed monthly. Income is recognised in the period the fee relates to, and are payable on 30 day terms.

(iv) Platform Fees

These are calculated as a percentage of assets held at the end of each day and are billed monthly. Income is recognised in the period in which the assets are held, and payment applied once the fees have been collected.

(v) Fixed Fees

This is an ongoing fixed fee valid over the life of the client's contract, and relates to the provision of Platform services and is billed monthly. Income is recognised in the period the fee relates to, and are payable on 30 day terms.

All revenue is incurred from contracts with customers.

(b) Financial Instruments

Trade receivables and contract assets are initially stated at fair value and subsequently measured at amortised cost using the effective interest method.

The carrying amounts for accounts receivable are net of allowances for expected credit losses. The Company evaluated the expected credit losses on trade receivables by reviewing historical data. Individual receivables are only written off when management deems them not collectible.

Notes to the Financial Statements
for the year ended 31st January 2020

1 ACCOUNTING POLICIES (continued)

5 Summary of significant accounting policies (continued)

(c) *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the timing difference is controlled by the company and it is probable that the temporary differences will not reverse in the foreseeable future.

(d) *Segmental reporting*

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Directors regard the operations of the Group and the Company as a single segment.

(e) *Intangible assets*

All intangible assets are shown at cost less subsequent amortisation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Amortisation is provided on cost over their estimated useful lives. The annual rates and methods of amortisation are as follows:

Licenses - the remaining asset is not being amortised as it has an indefinite useful life

Computer software - 20% straight line basis

Software arising from acquisition of sTechnology Limited - 10% straight line basis

The FCA license asset has an indefinite useful life and has not been amortised as no impairment has taken place.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. Management have prepared impairment reviews and do not believe intangible assets are impaired.

Costs associated with the development of software are capitalised if they meet the criteria in IAS38.

(f) *Property, plant and equipment*

All property, plant and equipment is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided on cost over their estimated useful lives. The annual rates and methods of depreciation are as follows:

Leasehold improvements - 20% straight line basis

Office and computer equipment - 20% straight line basis

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. Impairment reviews of property, plant and equipment are undertaken if there are indications that the carrying values may not be recoverable or that the recoverable amounts may be less than the asset's carrying value.

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Notes to the Financial Statements
for the year ended 31st January 2020

1 ACCOUNTING POLICIES (continued)

5 Summary of significant accounting policies (continued)

(g) Finance and operating leases

Finance leases and operating leases for the comparative period ending 31 January 2019 were recognised and measured in accordance with IAS 17 leases.

From 1 February 2019 the company has applied the recognition criteria of IFRS 16.

At commencement date the lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease. The carrying amount of the lease is subsequently adjusted to reflect the unwinding of the lease discount with charges being taken to profit and loss.

The right of use asset is measured at an amount equal to the lease liability lease payments made prior to the commencement of the lease, lease incentives and adding any direct costs. The asset is depreciated over the life of the lease.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Current income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting years, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal years to which they relate, based on the taxable profit for the year.

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Notes to the Financial Statements
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2 EMPLOYEES AND DIRECTORS

	Group 2020 £	Group 2019 £
Wages and salaries	1,677,605	805,969
Social security costs	152,142	76,854
Pension costs	83,589	17,744
	<u>1,913,336</u>	<u>900,567</u>

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

	Group 2020 No.	Group 2019 No.
Directors and administrative staff	41	21
	<u>41</u>	<u>21</u>

The Directors' remuneration included above was as follows:

	Group 2020 £	Group 2019 £
Salary	224,624	88,394
Consulting fees	8,026	11,841
Pension contributions	20,092	1,800
Employer's National Insurance	19,820	8,525
Share options vested	267,235	0
	<u>539,797</u>	<u>110,559</u>

The directors are considered to be key management personnel. Their remuneration is disclosed above.

The Company had no employees during the year (2019: 0).

3 LOSS BEFORE TAX

The loss before tax is stated after charging the following items, all of which are included within administrative expenses in the consolidated income statement:

	Group 2020 £	Group 2019 £
Amortisation charge	406,622	63,525
Depreciation charge of property, plant and equipment	29,712	11,710
Depreciation charge of right of use assets	25,122	0
Operating lease rentals	<u>0</u>	<u>32,000</u>

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Notes to the Financial Statements
for the year ended 31st January 2020

4 FINANCE INCOME

	Group 2020 £	Group 2019 £
Deposit account interest	<u>994</u>	<u>313</u>
	<u><u>994</u></u>	<u><u>313</u></u>

5 FINANCE EXPENSE

	Group 2020 £	Group 2019 £
Interest on lease payments	<u>14,204</u>	<u>0</u>
	<u><u>14,204</u></u>	<u><u>0</u></u>

6 AUDITOR'S REMUNERATION

	Group 2020 £	Group 2019 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	27,550	22,275
Preparation of Hubwise Group tax returns	<u>4,525</u>	<u>3,620</u>
	<u><u>32,075</u></u>	<u><u>25,895</u></u>

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Notes to the Financial Statements
for the year ended 31st January 2020

7 TAXATION

Analysis of the tax charge / (credit) for the period

	Group 2020 £	Group 2019 £
Current tax:		
Adjustments in respect of prior periods	(41,909)	(54,749)
Deferred tax:		
Origination and reversal of timing differences	(60,241)	(13,461)
Adjustments in respect of prior periods	<u>12,833</u>	<u>10,785</u>
Tax charge / (credit) on the profit / (loss) on ordinary activities	<u><u>(89,317)</u></u>	<u><u>(57,425)</u></u>

Deferred tax provisions / (assets) - Group

	Short term timing differences £	Tax losses £	Deferred tax asset	
As at 1st February 2019	(370)	(27,804)	(28,174)	
Movement in the year	<u>(5,369)</u>	<u>0</u>	<u>(5,369)</u>	
As at 31st January 2020	<u><u>(5,739)</u></u>	<u><u>(27,804)</u></u>	<u><u>(33,543)</u></u>	
	Tangible fixed assets £	Intangible assets £	Deferred tax liability	Net Provision £
As at 1st February 2019	13,554	532,314	545,868	517,694
Movement in the year	<u>10,004</u>	<u>(52,045)</u>	<u>(42,041)</u>	<u>(10,738)</u>
As at 31st January 2020	<u><u>23,558</u></u>	<u><u>480,269</u></u>	<u><u>503,827</u></u>	<u><u>506,956</u></u>

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Notes to the Financial Statements
for the year ended 31st January 2020

7 TAXATION (continued)

	Group 0 £	Group 0 £
Deferred tax (asset) / liability not recognised	<u>(253,533)</u>	<u>(236,586)</u>
Reconciliation of tax charge		
	Group 0 £	Group 2019 £
Profit / (loss) on ordinary activities before tax	(897,549)	(433,359)
Tax charge / (credit) on profit / (loss) on ordinary activities at standard corporation tax rate of 19.00% (2019: 19.16%)	(170,535)	(82,338)
<i>Effects of</i>		
Expenses not deductible for tax purposes	74,549	9,285
Depreciation on non-qualifying assets	198	214
Differences due to deferred tax rate being lower than standard CT rate	10,083	7,668
Adjustments to tax charge in respect of previous periods	(29,076)	(43,964)
Movement on unprovided deferred tax asset	<u>25,464</u>	<u>51,710</u>
	<u>(89,317)</u>	<u>(57,425)</u>

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Notes to the Financial Statements
for the year ended 31st January 2020

8 PROPERTY, PLANT AND EQUIPMENT

<u>Group - prior year</u>	Leasehold improvements	Office & computer equipment	Total
	£	£	£
COST:			
As at 1st February 2018	33,265	15,587	48,852
Additions	15,511	18,306	33,817
Disposals	0	0	0
As at 31st January 2019	48,776	33,893	82,669
DEPRECIATION:			
As at 1st February 2018	15,521	7,389	22,910
Charge for the year	7,518	4,192	11,710
Disposals	0	0	0
As at 31st January 2019	23,039	11,581	34,620
NET BOOK VALUE:			
As at 31st January 2019	25,737	22,312	48,049
 <u>Group - current year</u>	 Leasehold improvements	 Office & computer equipment	 Total
	£	£	£
COST:			
As at 1st February 2019	48,776	33,893	82,669
Acquisition of assets from sTechnology Limited	0	61	61
Additions	349	28,733	29,082
As at 31st January 2020	49,125	62,687	111,812
DEPRECIATION:			
As at 1st February 2019	15,521	7,389	22,910
Charge for the year	17,326	12,386	29,712
As at 31st January 2020	32,847	19,775	52,622
NET BOOK VALUE:			
As at 31st January 2020	16,278	42,912	59,190

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Notes to the Financial Statements
for the year ended 31st January 2020

9 INTANGIBLE FIXED ASSETS

<u>Group - prior year</u>	Licenses	Back Office Software arising from acquisition of sTechnology	Computer software Development	Total
	£	£	£	£
COST:				
As at 1st February 2018	141,333	0	181,959	323,292
Additions	0	3,061,446	157,135	3,218,581
As at 31st January 2019	141,333	3,061,446	339,094	3,541,873
AMORTISATION:				
As at 1st February 2018	8,000	0	98,740	106,740
Charge for the year	0	63,525	39,635	103,160
As at 31st January 2019	8,000	63,525	138,375	209,900
NET BOOK VALUE:				
As at 31st January 2019	133,333	2,997,921	200,719	3,331,973
 <u>Group - current year</u>	 Licenses	 Back Office Software arising from acquisition of sTechnology	 Computer software Development	 Total
	£		£	£
COST:				
As at 1st February 2019	141,333	3,061,446	339,094	3,541,873
Additions	0	0	529,068	529,068
As at 31st January 2020	141,333	3,061,446	868,162	4,070,941
AMORTISATION:				
As at 1st February 2019	8,000	63,525	138,375	209,900
Charge for the year	0	306,145	100,477	406,622
As at 31st January 2020	8,000	369,670	238,852	616,522
NET BOOK VALUE:				
As at 31st January 2020	133,333	2,691,776	629,310	3,454,419

The addition to Computer Software is capital expenditure on developing the Hubwise investment platform.

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Notes to the Financial Statements
for the year ended 31st January 2020

10 LEASES

Right of use assets:

<u>Group - current year</u>	Property	Office equipment	Total
	£	£	£
COST:			
On adoption of IFRS 16	276,200	0	276,200
Additions	0	6,566	6,566
As at 31st January 2020	£276,200	£6,566	£282,766
DEPRECIATION:			
As at 1st February 2019	0	0	0
Charge for the year	23,845	1,277	25,122
As at 31st January 2020	£23,845	£1,277	£25,122
NET CARRYING AMOUNT:			
As at 31st January 2020	£252,355	£5,289	£257,644

IFRS 16 has been adopted from the beginning of the accounting period. The company has chosen to adopt the modified retrospective approach to adopting IFRS 16 and therefore has not restated comparatives

Lease liabilities

Maturity analysis - contractual discounted cash flows

	Property	Office equipment	Total
	£	£	£
Less than one year	32,000	2,516	34,516
One to five years	128,000	3,564	131,564
More than five years	178,667	-	178,667
Total undiscounted lease liabilities			
As at 31st January 2020	338,667	6,080	344,747
Impact of discounting in the statement of financial position			
	(80,657)	(588)	(81,245)
Lease liabilities included in the statement of financial position as at 31st January 2020	258,010	5,492	263,502
Current	19,100	2,186	21,286
Non-current	238,910	3,306	242,216

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**Notes to the Financial Statements
for the year ended 31st January 2020**

11 INVESTMENTS

<u>Company</u>	Shares in Group Undertakings		
Prior Year			
COST:			
As at 1st February 2018			350,458
Additions			2,691,000
			<hr/>
As at 31st January 2019			3,041,458
			<hr/>
NET BOOK VALUE:			
As at 31st January 2019			3,041,458
			<hr/>
Current Year			£
COST:			
As at 1st February 2019			3,041,458
Additions			267,235
			<hr/>
As at 31st January 2020			3,308,693
			<hr/>
NET BOOK VALUE:			
As at 31st January 2020			3,308,693
			<hr/>
Direct subsidiary undertakings	Interest in ordinary shares and voting rights	Country of incorporation	Principal activity
Hubwise Services Limited	100%	United Kingdom	Provides administration, technology and support services.
Hubwise Securities Limited	100%	United Kingdom	Through technology facilitates investment and custody in securities.
sTechnology Limited	100%	United Kingdom	Provides administration, technology, hosting and support services. Owns intellectual property of back office software (dormant).
Hubwise Software Limited	100%	United Kingdom	Retains the principal software licences (dormant).
Indirect subsidiary undertakings	Interest in ordinary shares and voting rights	Country of incorporation	Principal activity
Hubwise Nominees Limited (subsidiary of Hubwise Securities Limited)	100%	United Kingdom	Safe keeping of client assets (dormant).

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Notes to the Financial Statements
for the year ended 31st January 2020

12 TRADE AND OTHER RECEIVABLES

	Company 2020 £	Group 2020 £	Company 2019 £	Group 2019 £
Amounts due from group undertakings	2,501,380	0	1,961,460	0
Trade receivables	0	259,424	0	327,873
Bad debt provision	0	(24,381)	0	(26,012)
Other debtors	121,540	121,540	506,026	506,025
Prepayments and accrued income	0	137,788	0	259,066
	<u>2,622,920</u>	<u>494,371</u>	<u>2,467,486</u>	<u>1,066,952</u>

The Directors consider that the carrying amount of trade and other receivables equates to their fair value.

Management have considered past experience of the recoverability of each of its debtors. As a result the group has estimated its debtors will be 9.4% irrecoverable.

13 CASH AND CASH EQUIVALENTS

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Company 2020 £	Group 2020 £	Company 2019 £	Group 2019 £
Bank current accounts	<u>437,244</u>	<u>1,036,454</u>	<u>368,558</u>	<u>897,480</u>
	<u>437,244</u>	<u>1,036,454</u>	<u>368,558</u>	<u>897,480</u>

Included within the Group's 2020 balance is £250,000 which has been deposited with Barclays Bank and acts as security against the CREST settlement facilities that Barclays Bank have made available to the Group (2019: £250,000).

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Notes to the Financial Statements
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14 Share Capital

a) Called up share capital

	Company 2020 £	Group 2020 £
3,248,154 ordinary shares of £1 each	<u>3,248,154</u>	<u>3,248,154</u>
	<u>3,248,154</u>	<u>3,248,154</u>

Allotted, called up and fully paid Ordinary £1 shares	Number	Company £	Group £
As at 1st February 2019	1,267,418	1,267,418	1,267,418
Issue of shares	<u>1,980,736</u>	<u>1,980,736</u>	<u>1,980,736</u>
As at 31st January 2020	<u>3,248,154</u>	<u>3,248,154</u>	<u>3,248,154</u>

b) Share options

At 31st January 2020 the following options over the shares of the company were in issue

	2020		2019	
	Number of shares under option	Weighted average exercise price	Number of shares under option	Weighted average exercise price
Outstanding at 1st February	0	0	0	0
Granted during the year	<u>393,914</u>	<u>53p</u>	<u>0</u>	<u>0</u>
Outstanding at 31st January	393,914	53p	0	0

134,289 share options were available for exercise at 31 January 2020 (2019: 0). The weighted average remaining contractual life of share options at 31st January 2020 was 3 years (2019: 0 years)

The weighted average fair values of options issued during the year have been determined using the Black-Scholes-Merton Pricing Model with the following assumptions and inputs:

	2020	2019
Risk -free interest rate	0.1%	0
Expected volatility	0	0
Expected option life (years)	3	0
Expected dividend yield	0	0
Weighted average share price	171p	0
Weighted average exercise price	53p	0
Weighted average fair value of options granted	200p	0

An expected take-up of 100% has been applied to each share instrument. Expected dividend yield is estimated at 0%; this is based upon the Company not having issued dividends previously.

A range of 0-100% was considered for volatility and they do not materially impact the calculation.

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Notes to the Financial Statements
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15 TRADE AND OTHER PAYABLES

	Company 2020	Group 2020	Company 2019	Group 2019
	£	£	£	£
Amounts due to group undertakings	20,626	0	2	0
Social security and other taxes	0	59,146	0	107,580
Trade payables	0	181,940	0	229,672
Accruals	0	269,989	0	181,226
Other Creditors	115	79,908	0	4,564
	<u>20,741</u>	<u>590,984</u>	<u>2</u>	<u>523,042</u>

The Directors consider that the carrying amount of trade payables approximates to their fair value.

16 OTHER FINANCIAL LIABILITIES

	Company 2020	Group 2020	Company 2019	Group 2019
	£	£	£	£
Other creditors - client security deposits	<u>92,073</u>	<u>92,073</u>	<u>250,000</u>	<u>250,000</u>
	<u>92,073</u>	<u>92,073</u>	<u>250,000</u>	<u>250,000</u>

17 OPERATING LEASE COMMITMENTS

At 31st January 2020 the Group had total future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group 2020	Group 2019
	£	£
Not later than one year	32,000	32,000
Later than one year and not later than five years	128,000	21,333
Later than five years	<u>178,667</u>	<u>0</u>

From 1 February 2020 leases have been accounted for under IFRS 16 and are therefore capitalised - see note 10. The values for 2020 in the table above represent the commitments as if IFRS 16 had not been applied.

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Notes to the Financial Statements
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18 RELATED PARTY DISCLOSURES

Hubwise Holdings Limited provides a central treasury arrangement. During the year total net loans of £539,497 were advanced to subsidiary undertakings. At 31st January 2020:

- Hubwise Services Limited owes Hubwise Holdings Limited £2,501,380 (2019: £1,842,914)
- Hubwise Holdings Limited owes Hubwise Securities Limited £20,624 (2019: Hubwise Securities Limited owed Hubwise Holdings Limited £118,547)
- Hubwise Holdings Limited owes Hubwise Software Limited £1 (2019: £1)
- Hubwise Holdings Limited owes Hubwise Nominees Limited £1 (2019: £1)
- Hubwise Services Limited owes sTechnology Limited £149,994 (2019: sTechnology Limited owed Hubwise Services Limited £57,300)
- Hubwise Securities Limited owes Hubwise Services Limited £20,202 (£2019:0)

During the year the Hubwise Services Limited, on behalf of the Group, expensed £5,744 (2018: £11,385) against Macdonald Consultants for Consultancy and related expenses provided by Angus Macdonald.

During 2015, Hubwise Services Limited, on behalf of the Group, entered into a property lease with The Hubwise Property Syndicate. The Directors, Angus Macdonald, and Gary Kenny each have a beneficial interest in The Hubwise Property Syndicate. As at 31st January 2020 the Syndicate were owed £2,667 by the group (2019: £2,667).

19 FINANCIAL RISK MANAGEMENT

The Group's and the Company's activities expose them to the financial risks as detailed below. The Board of Directors determine and execute the treasury policy of the Company. Changes to treasury policy are authorised by the Board of Directors. The Board reviews regularly the execution of policy through internal management reporting and regular board meetings.

The Group's principal financial instruments comprise cash and various items such as trade and other receivables, and trade and other payables that arise directly from operations. The main purpose of these financial instruments is the funding of the Group's trading activities. Cash and cash equivalents and trade and other receivables are categorised as loans and receivables, trade and other payables are classified as financial liabilities. All financial assets and liabilities are held at amortised cost and their carrying value approximates to their fair value.

Interest rate & liquidity risks

A centralised treasury function for the Group is provided by the Company. However, the Group has no outstanding loans or other debts so can only gain from any increase in interest rates.

Technology risk

The Group has a documented disaster recovery plan in place and has access to disaster recovery servers should any technological issues arise.

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Notes to the Financial Statements
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19 FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss. Within the Group only Hubwise Services Limited and sTechnology Limited is subject to such exposure and this risk is minimised by the pro-active management of the relationship with the Customer.

A provision of £24,381 (2019: £26,012) has been recognised in the accounts for estimated impairment losses.

Other classes within trade and other receivables do not contain impaired assets.

The fair values of trade and other receivables do not differ from the values at which trade and other receivables are carried in the financial statements.

Management maintain a policy of periodically reviewing all receivable balances for recoverability. Adjustments are made only where the balance is deemed to be wholly irrecoverable. In this respect, charges in the profit or loss in the statement of comprehensive income represent receivable write offs. Other classes within trade and other receivables do not contain impaired assets.

The Group's maximum exposure to credit risk is £1,295,878 being cash and equivalents and trade receivables (2019: £1,225,353).

The creditworthiness of potential new clients is assessed by the directors during the contract negotiation stages. All stock that is purchased on behalf of clients is registered into the name of Hubwise Nominees Limited. Hubwise Securities Limited has the legal right to sell this stock if the client defaults on monies owed.

Capital

The capital structure of the Company consists of intercompany loans and equity attributable to equity holders of the parent, comprising issued capital and reserves.

The total capital managed at the reporting date was:

	2020	2019
	£	£
Called up equity share capital	3,248,154	3,067,500
Share premium	2,740,654	2,560,000
Share option reserve	267,235	0
Profit and loss account	(2,328,899)	(1,520,666)
	<u>3,927,144</u>	<u>4,106,834</u>

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Notes to the Financial Statements
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19 FINANCIAL RISK MANAGEMENT (continued)

The Company has an Internal Capital Adequacy Assessment Process ("ICAAP"), as required by the Financial Conduct Authority for establishing the amount of regulatory capital to be held by the Company / Group. The ICAAP gives consideration to current and projected financial and capital positions. The ICAAP is updated throughout the year to take account of any significant changes to business plans and any unexpected issues that may occur. The ICAAP is discussed and approved at a board meeting at least annually. Capital adequacy is monitored daily by management. Further details can be found on our website: www.hubwise.co.uk.

20 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

	2020 £	2019 £
Loans and receivables at amortised cost:		
Cash and cash equivalents	1,036,454	897,480
Trade receivables	259,424	327,873
Accrued Income	7,023	141,569
	<u>1,302,901</u>	<u>1,366,922</u>
	2020 £	2019 £
Financial liabilities at amortised cost:		
Trade payables	181,940	206,774
Other payables	341,592	208,688
ITI Deposit	92,073	250,000
Lease liabilities	263,502	-
	<u>879,107</u>	<u>665,462</u>

21 Post Balance Sheet Events

On 17th June 2020 1,000,000 redeemable preference shares were allotted and fully paid for at £1 each.