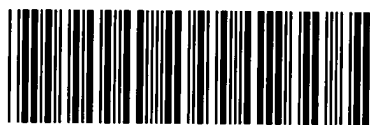


Registered number: 07014587

CROWDCUBE LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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CROWDCUBE LIMITED

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CROWDCUBE LIMITED

COMPANY INFORMATION

Directors	D M Westlake T B Bunting L J Lang S Williams W T A Simmons J N H Sibia
Company secretary	M Tyler
Registered number	07014587
Registered office	Fourth Floor Broadwalk House (South Block) Exeter Devon EX1 1TS
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 2 Glass Wharf Bristol BS2 0FR

CROWDCUBE LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present the Strategic Report for Crowdcube Limited (the "Company") and its subsidiary undertakings (together the "Group") for the year ended 30 September 2019.

Business review

The principal activity of the Group is the provision of a crowdfunding platform. During the year the Group delivered a 13% increase in funded companies as well as introduced a new completions fee and investment fee while maintaining a relatively stable cost base. This resulted in a 46% increase in revenue and a 13% decrease in operating losses.

The Group continues to invest for growth through product development, process improvements and key hires. The Group made an operating loss for the year of £2,625,551 compared to an operating loss of £3,021,411 in the prior year.

At the Balance Sheet date the Group's net cash position was £7,908,853 (2018: £2,241,785).

Cost of Sales increased by 65% in the year, however Gross Profit margins remained relatively consistent, noting a decrease from 65% to 61% in the year.

During the year the Group successfully completed a fundraise comprised of new cash and media credits of £8,911,132.

Principal risks and uncertainties

Competition risk

The Group operates in a competitive market and faces competition from both other crowdfunding platforms and other sources of finance in attracting potential issuers to the platform. The Group continuously monitors publicly available information relating to competitors in order to analyse competitors fees and clients. The Group also ensures transparency in their services and fees as well as ensuring positive promotion of its activities within the market to help mitigate this risk.

Brexit risk

Brexit, and the subsequent trade negotiations with the EU, could have a negative impact on the Group. The Group currently does not believe this presents a material risk due to a high concentration of business within the UK. The Group does not rely on passporting rules and our Spanish subsidiary is independently regulated within the EEA. The Group will continue to monitor Brexit details closely and consider the need for additional plans throughout the year.

Regulatory risk

Crowdcube Capital Limited is regulated by the Financial Conduct Authority in the UK and Crowdcube Spain, S.L. is regulated by National Securities Markets Commission in Spain. The withdrawal of regulatory authorisations, or the transfer of regulatory oversight to a new regulatory, could require the Group to cease or modify a significant part of its operations. The Group has a dedicated regulatory team to ensure all regulations are complied with and that the Group can quickly adapt to any changes in the regulator environment if necessary.

Employees

The Group is committed to the involvement of all employees in the business. Directors are measured closely on the Group's performance targets. Performance information is shared throughout the teams.

CROWDCUBE LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

Employment of disabled persons

The Group considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Group continues.

Equal opportunities

The Group is an equal opportunities employer. Its policy is to ensure that all employees are treated with the same respect and consideration regarding sex, age, colour, disability, nationality or ethnic origin. The Group's policy is to provide training, career development and opportunities for promotion.

Environmental matters

The Group recognises the importance of its environmental responsibilities and designs and implements policies to reduce any damage that might be caused by the Group's activities. Initiatives designed to minimise the Group's net impact on the environment include recycling and reducing energy consumption.

Financial key performance indicators

The directors and management team receive a wide range of management information including comparative against budget and the previous period. The principal measures that are reviewed are:

- Revenue of £7,685,456 (2018: £5,250,752)
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of a loss of £2,470,451 (2018: loss of £2,887,926)
- Operating cash flows and cash position of £2,184,804 outflow and £7,908,853 cash balance respectively (2018: £3,104,173 outflow and £2,241,785 cash balance)

EBITDA reconciles to loss for the financial year as follows:

	2019 £	2018 £
Loss for the financial year	(2,625,551)	(3,030,572)
Depreciation of tangible assets	61,291	48,760
Amortisation of intangible assets	93,809	93,809
Interest expense	-	77
EBITDA loss	<u>(2,470,451)</u>	<u>(2,887,926)</u>

Other KPIs monitored by the board are:

- Number and value of deals launched
- Success rates – the percentage of deals launched which reach their target raise amount
- Value of investment through the platform
- No. of active members and investors

CROWDCUBE LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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

A handwritten signature in black ink, appearing to read 'D.M. Westlake', followed by a long, sweeping horizontal stroke.

D M Westlake
Director

Date: 09/03/2020

CROWDCUBE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors of the Company present their annual report and the audited financial statements of Crowdcube Limited (the "Company") and its subsidiary undertakings (together the "Group") for the year ended 30 September 2019.

Results and dividends

The loss for the financial year amounted to £2,625,551 (2018: £3,030,572).

No dividends were paid during the year (2018: £Nil) and the directors do not recommend any payment of dividends in respect of the year.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

D M Westlake
T B Bunting
L J Lang
S Williams
W T A Simmons
J N H Sibilia (appointed 9 November 2018)

Market Risk

The Group currently operates in a competitive environment with a limited number of active players. There is limited market risk as a result of this market concentration and the Group actively monitors market wide deal numbers, volumes and financial performance.

Financial risk management

There is little credit risk as the majority of funds due to the Group are collected at source on completion of successful deals. Where credit risk does arise the Group has active credit control procedures in place.

With regard to liquidity risk the Group actively manages cash and prepares rolling cash flow forecasts covering the next 12 months which are updated on a monthly basis. The Group maintains an appropriate level of cash to settle all financial obligations as they fall due and to meet planned activities.

CROWDCUBE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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 and the Group's auditors are 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 and the Group's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

Future developments

The Group remains focused on leading the equity crowdfunding markets in both the UK and Spain and is expecting consistent revenue growth in FY20.

Offices Outside the UK

The Group operates an office in Spain which is regulated by the National Securities Markets Commission.

CROWDCUBE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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

A handwritten signature in black ink, appearing to read 'D. M. Westlake', with a stylized flourish at the end.

D M Westlake
Director

Date: 09/03/2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWDCUBE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Crowdcube Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2019 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company Balance Sheets as at 30 September 2019; the consolidated Statement of Comprehensive Income, the consolidated Statement of Cash Flows, and the consolidated and company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and 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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

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

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

CROWDCUBE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWDCUBE LIMITED (CONTINUED)

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWDCUBE LIMITED (CONTINUED)

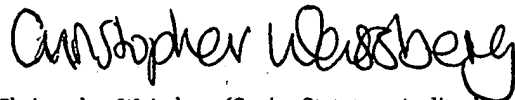
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Christopher Weissberg (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
Date: 09/03/2020

CROWDCUBE LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 £	2018 £
Turnover	5	7,685,456	5,250,752
Cost of sales		(3,007,204)	(1,824,461)
Gross profit		4,678,252	3,426,291
Administrative expenses		(7,303,803)	(6,858,514)
Other operating income	6	-	410,812
Operating loss	7	(2,625,551)	(3,021,411)
Share of loss of associates		-	(9,084)
Total operating loss		(2,625,551)	(3,030,495)
Interest payable and similar expenses	12	-	(77)
Loss before taxation		(2,625,551)	(3,030,572)
Tax on loss	13	-	-
Loss for the financial year		(2,625,551)	(3,030,572)
Movement on foreign exchange		(22,199)	247
Other comprehensive (expense)/income for the financial year		(22,199)	247
Total comprehensive expense for the financial year		(2,647,750)	(3,030,325)
Loss for the financial year attributable to:			
Owners of the parent Company		(2,625,551)	(3,030,572)
Total comprehensive expense for the financial year attributable to:			
Owners of the parent Company		(2,647,750)	(3,030,325)

The notes on pages 17 to 38 form part of these financial statements.

CROWDCUBE LIMITED
REGISTERED NUMBER: 07014587

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	14	1,099,605	200,177
Tangible assets	15	285,674	282,916
		<u>1,385,279</u>	<u>483,093</u>
Current assets			
Debtors: amounts falling due after more than one year	17	16,667	91,667
Debtors: amounts falling due within one year	17	1,635,648	1,148,272
Current asset investments	18	19,487	17,510
Cash at bank and in hand	19	7,908,853	2,241,785
		<u>9,580,655</u>	<u>3,499,234</u>
Creditors: amounts falling due within one year	20	(1,105,898)	(877,972)
Net current assets		<u>8,474,757</u>	<u>2,621,262</u>
Total assets less current liabilities		<u>9,860,036</u>	<u>3,104,355</u>
Capital and reserves			
Called up share capital	22	261,334	228,394
Share premium account	23	30,891,508	22,013,316
Foreign exchange reserve	23	(7,829)	14,370
Share based payment reserve	23	1,815,853	1,323,554
Profit and loss account	23	(23,100,830)	(20,475,279)
Total shareholders' funds		<u>9,860,036</u>	<u>3,104,355</u>

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



D M Westlake
Director

Date: 09/03/2020

The notes on Pages 17 to 38 form part of these financial statements.

CROWDCUBE LIMITED
REGISTERED NUMBER: 07014587

COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	14	1,007,500	7,500
Tangible assets	15	279,472	274,881
Investments	16	3,023,098	2,906,943
		<u>4,310,070</u>	<u>3,189,324</u>
Current assets			
Debtors: amounts falling due after more than one year	17	16,667	91,667
Debtors: amounts falling due within one year	17	1,842,463	1,136,997
Current asset investments	18	15,758	13,775
Cash at bank and in hand	19	5,760,491	408,469
		<u>7,635,379</u>	<u>1,650,908</u>
Creditors: amounts falling due within one year	20	(1,076,910)	(831,328)
Net current assets		<u>6,558,469</u>	<u>819,580</u>
Total assets less current liabilities		<u><u>10,868,539</u></u>	<u><u>4,008,904</u></u>
Capital and reserves			
Called up share capital	22	261,334	228,394
Share premium account	23	30,891,508	22,013,316
Share based payment reserve	23	1,815,853	1,323,554
Profit and loss account brought forward		(19,556,360)	(16,697,848)
Loss for the financial year		(2,543,796)	(2,858,512)
Profit and loss account carried forward		<u>(22,100,156)</u>	<u>(19,556,360)</u>
Total shareholders' funds		<u><u>10,868,539</u></u>	<u><u>4,008,904</u></u>

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



D M Westlake
Director

Date: 09/03/2020

The notes on Pages 17 to 38 form part of these financial statements.

CROWDCUBE LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Share based payment reserve £	Profit and loss account £	Total shareholders' funds £
At 1 October 2017	226,342	21,966,226	14,123	1,037,330	(17,444,707)	5,799,314
Comprehensive expense for the financial year						
Loss for the financial year	-	-	-	-	(3,030,572)	(3,030,572)
Movement in foreign exchange	-	-	247	-	-	247
Total comprehensive expense for the financial year	-	-	247	-	(3,030,572)	(3,030,325)
Contributions by and distributions to owners						
Shares issued during the financial year	2,052	47,090	-	-	-	49,142
Share based payment	-	-	-	286,224	-	286,224
Total transactions with owners	2,052	47,090	-	286,224	-	335,366
At 30 September 2018 and 1 October 2018	228,394	22,013,316	14,370	1,323,554	(20,475,279)	3,104,355
Comprehensive expense for the financial year						
Loss for the financial year	-	-	-	-	(2,625,551)	(2,625,551)
Movement in foreign exchange	-	-	(22,199)	-	-	(22,199)
Total comprehensive expense for the financial year	-	-	(22,199)	-	(2,625,551)	(2,647,750)
Contributions by and distributions to owners						
Shares issued during the financial year	32,940	8,878,192	-	-	-	8,911,132
Share based payment	-	-	-	492,299	-	492,299
Total transactions with owners	32,940	8,878,192	-	492,299	-	9,403,431
At 30 September 2019	261,334	30,891,508	(7,829)	1,815,853	(23,100,830)	9,860,036

The notes on pages 17 to 38 form part of these financial statements.

CROWDCUBE LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital £	Share premium account £	Share based payment reserve £	Profit and loss account £	Total shareholders' funds £
At 1 October 2017	226,342	21,966,226	1,037,330	(16,697,848)	6,532,050
Comprehensive expense for the financial year					
Loss for the financial year	-	-	-	(2,858,512)	(2,858,512)
Total comprehensive expense for the financial year	-	-	-	(2,858,512)	(2,858,512)
Contributions by and distributions to owners					
Shares issued during the financial year	2,052	47,090	-	-	49,142
Share based payment	-	-	286,224	-	286,224
Total transactions with owners	2,052	47,090	286,224	-	335,366
At 30 September 2018 and 1 October 2018	228,394	22,013,316	1,323,554	(19,556,360)	4,008,904
Comprehensive expense for the financial year					
Loss for the financial year	-	-	-	(2,543,796)	(2,543,796)
Total comprehensive expense for the financial year	-	-	-	(2,543,796)	(2,543,796)
Contributions by and distributions to owners					
Shares issued during the financial year	32,940	8,878,192	-	-	8,911,132
Share based payment	-	-	492,299	-	492,299
Total transactions with owners	32,940	8,878,192	492,299	-	9,403,431
At 30 September 2019	261,334	30,891,508	1,815,853	(22,100,156)	10,868,539

The notes on pages 17 to 38 form part of these financial statements.

CROWDCUBE LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Loss for the financial year	(2,625,551)	(3,030,572)
Adjustments for:		
Amortisation of intangible assets	93,809	93,809
Depreciation of tangible assets	61,291	48,760
Interest payable and similar expenses	-	77
Increase in debtors	(487,376)	(363,298)
Decrease in amounts owed by associates	75,000	-
Increase/(decrease) in creditors	227,923	(148,504)
Share based payment charge	492,299	286,224
Unrealised currency translation	(22,199)	247
Share of associate losses	-	9,084
Net cash used in operating activities	(2,184,804)	(3,104,173)
Cash flows from investing activities		
Purchase of intangible assets	-	(7,500)
Purchase of tangible assets	(64,049)	(270,437)
Sale of tangible assets	-	14,506
New loans to associates	-	100,000
Purchase of short term unlisted investments	(1,977)	(1,627)
Sale of share in associates	-	(5,000)
Net cash used in investing activities	(66,026)	(170,058)
Cash flows from financing activities		
Issue of ordinary shares	7,917,898	49,142
Interest paid	-	(77)
Net cash generated from financing activities	7,917,898	49,065
Net increase/(decrease) in cash and cash equivalents	5,667,068	(3,225,166)
Cash and cash equivalents at beginning of financial year	2,241,785	5,466,951
Cash and cash equivalents at the end of financial year	7,908,853	2,241,785
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	7,908,853	2,241,785

The notes on pages 17 to 38 form part of these financial statements.

CROWDCUBE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. General information

Crowdcube Limited (the "Company") is a private company limited by shares incorporated and domiciled in England, UK. The address of the registered office is: Fourth Floor, Broadwalk House (South Block), Exeter, Devon, EX1 1TS. The principal activity of the Company and its subsidiaries (collectively, the "Group") is the provision of a crowdfunding platform.

The principal activity of the Group is the provision of a crowdfunding platform.

2. Statement of compliance

The Group and individual financial statements of Crowdcube Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, 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 Group management to exercise judgement in applying the Group accounting policies (see note 4).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The Company has taken advantage of the exemption under FRS 102 from preparing a Statement of Cash Flows on the basis that it is a qualifying entity and the Consolidated Statement of Cash Flows, included in these financial statements, includes the Company's cash flows.

The following principal accounting policies have been applied consistently throughout the year:

3.2 Going concern

The Group has £7.9m of cash held on the Balance Sheet as at 30 September 2019 and based on forecast performance this will enable the Group to meet its liabilities as they fall due for at least 12 months following the date of signing the financial statements as well as allowing continued investment. During the financial year, the Group has completed a fund raise involving both crowd and institutional investors, consistent with its fundraising history to date.

CROWDCUBE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

3. Accounting policies (continued)

3.3 Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of associates made up to 30 September 2019.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3.4 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

CROWDCUBE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

3. Accounting policies (continued)

3.5 Turnover

Turnover is comprised of Commission fees, Completions Fees and Investment Fees. Commission fees and completions fees are payable by the raising company and deducted from funds raised during the closing of the round. Investment fees are paid by the investors and reflect an additional fee on top of the pledged investment sum. These fees are similarly taken at source during the completions and draw down process.

In all three cases, turnover 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. Turnover 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.

For all three revenue streams, turnover is recognised once the funding requirement of a raise has been achieved, following a 7 day cool off period, in which Investors can withdraw. Since the revenue earned is contingent upon a successful raise, the recognition of turnover is deferred until this point.

Turnover policies are consistent across both the Group and the Company.

3.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Goodwill	5 years - straight line
Software	5 years - straight line

Media Rights

Media Rights reflect consideration provided to Crowdcube by Channel Four Television Corporation in the form of media credits as part of a fundraising round. These media credits are initially measured at the fair value of the equity instruments issued. Crowdcube has elected to amortise the intangible asset when the credits are utilised, as this is the point at which the economic benefit is consumed. If those credits expire then the unused credits will be written off.

3.7 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

CROWDCUBE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

3. Accounting policies (continued)

3.7 Tangible assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	- 25% straight line
Computer equipment	- 25% straight line
Leasehold improvements	- 9.5 years - straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

3.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

3.9 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.

3.10 Cash and cash equivalents

Cash is represented by cash in hand, cash held with our expense card provider Pleo, cash held with our payment processing provider Stripe and deposits with financial institutions. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

3. Accounting policies (continued)

3.11 Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Group 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 impairment loss is recognised in the Consolidated 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.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

3.12 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.

CROWDCUBE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

3. Accounting policies (continued)

3.13 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 movements are recognised through other comprehensive income.

3.14 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.15 Operating leases

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

3.16 Employee benefits

(i) Short term benefits

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

ii) Share based payments

The Group operates share option schemes which allows key employees to acquire shares in the Company. Where the Group awards share options, the fair value of options granted is calculated at the grant date using the Black Scholes model. The model is Internationally recognised as being appropriate to value employee share schemes but does require Inputs based on best estimates from management. The resulting cost of the options is charged to the profit and loss account over the vesting period during which the recipient becomes unconditionally entitled to exercise the options, and credited to equity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

3. Accounting policies (continued)

3.17 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

3.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet 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 Balance Sheet.

3.19 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.20 Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. It does not disclose transactions with members of the same group that are wholly owned. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

3.21 Expenses

Cost of sales is comprised of all directly related costs to source, launch, fund and close a fundraising campaign. This includes directly attributable wages & benefits, payment processing costs and limited additional 3rd party service providers.

Administrative expenses consist of all other non directly attributable costs. This includes all other wages & benefits, all other 3rd party service providers, as well as all premise, IT and marketing costs.

CROWDCUBE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

4. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires the directors to make significant judgements and estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors consider there to be no significant judgements affecting amounts recognised in the Consolidated financial information.

The Directors consider that the following estimates are likely to have the most significant effect on the amounts recognised in the Consolidated financial information.

Share based payments

The Group is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes but does require inputs based on best estimates from management. Details of management assumptions and estimates are detailed in note 11.

Value of Intangible assets and goodwill

The Group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

5. Turnover

The whole of the turnover is attributable to the principal activity of the Company and its subsidiaries (collectively, the "Group") being the provision of a crowdfunding platform.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	7,306,117	4,942,749
Rest of Europe	379,339	308,003
	<u>7,685,456</u>	<u>5,250,752</u>

6. Other operating income

	2019 £	2018 £
Other operating income	-	410,812

Other income in 2018 represented R&D tax credits and receipts from a previous landlord to break a lease early.

CROWDCUBE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

7. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible assets	61,291	48,760
Amortisation of intangible assets, including goodwill	93,809	93,809
Operating lease rentals	267,714	323,182
Share based payment	492,299	286,224

8. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	17,100	16,450

Fees payable to the Group's auditors in respect of:

Audit of the Company's subsidiaries	5,580	5,150
Tax compliance services	6,000	5,400
Other assurance services by required by legislation for subsidiaries	25,125	17,500
All other services	34,325	70,550
	71,030	98,600

CROWDCUBE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

9. Employees

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	3,626,504	3,751,394	3,356,492	3,751,394
Social security costs	386,755	408,524	386,755	408,524
Other pension costs	102,368	97,387	102,368	97,387
	<u>4,115,627</u>	<u>4,257,305</u>	<u>3,845,615</u>	<u>4,257,305</u>

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

	2019	2018
	Number	Number
Employees	<u>70</u>	<u>65</u>

10. Directors' remuneration

	2019 £	2018 £
Aggregate directors' remuneration	<u>579,691</u>	<u>538,969</u>

The highest paid director received remuneration of £197,076 (2018: £183,899).

Three directors (2018: one) were members of defined contribution schemes.

One director (2018: none) exercised share options in the parent's shares during the year.

No directors (2018: one) received shares under a long-term incentive scheme.

CROWDCUBE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

11. Share based payments

The Group operates a number of share based payment schemes. All options are granted with a fixed exercise price, and expire within 10 years of the date of grant. There is no entitlement to dividends attached to the options. Employees are required to remain in employment until the shares are exercised. Vesting conditions of options granted over the period are as follows:

2019

577,337 options granted, vest in equal installments over 4 years.

2018

3,300,675 options granted, vest in equal installments over 4 years.

Equity-settled arrangements are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

A reconciliation of share option movements over the year to 30 September is shown below:

	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 1 October	19,831,812	£0.018	22,304,949	£0.046
Granted	577,337	£0.073	3,300,675	£0.073
Exercised	(2,512,813)	£0.029	(2,051,870)	£0.024
Forfeited	(2,766,386)	£0.058	(3,554,808)	£0.027
Outstanding as at 30 September	15,129,950	£0.053	20,018,946	£0.018
Exercisable as at 30 September	7,721,493	£0.059	8,127,638	£0.024

The total charge for the year expensed to the profit and loss account was £492,299 (2018: £286,224).

The fair value of the options is estimated at the grant date using a Black-Scholes option-pricing model that uses assumptions noted in the table below:

	Year to 30 September 2019	Year to 30 September 2018
Expected life of options	4	4
Range of exercise prices (per option)	£0.01 - £0.07	£0.015 - £0.45
Market value of underlying shares	£0.29	£0.29
Risk free rate	0.82%	0.50%
Expected share price volatility	40%	40%
Range of fair values per option	£0.20 - £0.23	£0.216 - £1.99

The Group uses historical data to estimate option exercise and employee termination within the valuation model. The risk free rates for the periods within the contractual life of the option are based on the UK base rates at the time of the grant. Expected volatilities are based on implied volatilities as determined by review of information available for companies based in similar sectors. The average option life is expected to be 4 years from grant date.

CROWDCUBE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

12. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	-	77

13. Tax on loss

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019 £	2018 £
Loss before taxation	(2,625,551)	(3,030,572)
Loss multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(498,855)	(575,809)
Effects of:		
Unrecognised deferred tax	498,855	575,809
Total tax charge for the financial year	-	-

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the Balance Sheet date have been measured using this enacted tax rate and reflected in these financial statements.

CROWDCUBE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

14. Intangible assets

Group

	Software £	Media Rights £	Goodwill £	Total £
Cost				
At 1 October 2018	7,500	-	474,104	481,604
Additions	-	998,295	-	998,295
Foreign exchange movement	-	-	(5,058)	(5,058)
At 30 September 2019	<u>7,500</u>	<u>998,295</u>	<u>469,046</u>	<u>1,474,841</u>
Accumulated amortisation				
At 1 October 2018	-	-	281,427	281,427
Charge for the year	-	-	93,809	93,809
At 30 September 2019	<u>-</u>	<u>-</u>	<u>375,236</u>	<u>375,236</u>
Net book value				
At 30 September 2019	<u>7,500</u>	<u>998,295</u>	<u>93,810</u>	<u>1,099,605</u>
At 30 September 2018	<u>7,500</u>	<u>-</u>	<u>192,677</u>	<u>200,177</u>

Company

	Software £	Media rights £	Total £
Cost			
At 1 October 2018	7,500	-	7,500
Additions	-	1,000,000	1,000,000
At 30 September 2019	<u>7,500</u>	<u>1,000,000</u>	<u>1,007,500</u>
Net book value			
At 30 September 2019	<u>7,500</u>	<u>1,000,000</u>	<u>1,007,500</u>
At 30 September 2018	<u>7,500</u>	<u>-</u>	<u>7,500</u>

CROWDCUBE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

15. Tangible assets

Group

	Office equipment £	Computer equipment £	Leasehold improvements £	Total £
Cost				
At 1 October 2018	229,165	54,253	221,046	504,464
Additions	64,049	-	-	64,049
At 30 September 2019	<u>293,214</u>	<u>54,253</u>	<u>221,046</u>	<u>568,513</u>
Accumulated depreciation				
At 1 October 2018	161,478	54,253	5,817	221,548
Charge for the year	38,023	-	23,268	61,291
At 30 September 2019	<u>199,501</u>	<u>54,253</u>	<u>29,085</u>	<u>282,839</u>
Net book value				
At 30 September 2019	<u>93,713</u>	<u>-</u>	<u>191,961</u>	<u>285,674</u>
At 30 September 2018	<u>67,687</u>	<u>-</u>	<u>215,229</u>	<u>282,916</u>

CROWDCUBE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

15. Tangible assets (continued)

Company

	Office equipment £	Computer equipment £	Leasehold improvements £	Total £
Cost				
At 1 October 2018	221,130	54,253	221,046	496,429
Additions	65,882	-	-	65,882
At 30 September 2019	287,012	54,253	221,046	562,311
Accumulated Depreciation				
At 1 October 2018	161,478	54,253	5,817	221,548
Charge for the year	38,023	-	23,268	61,291
At 30 September 2019	199,501	54,253	29,085	282,839
Net book value				
At 30 September 2019	87,511	-	191,961	279,472
At 30 September 2018	59,652	-	215,229	274,881

CROWDCUBE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

16. Investments

Group

	Investments in associates £
Cost	
At 1 October 2018	9,084
At 30 September 2019	<u>9,084</u>
Accumulated impairment	
At 1 October 2018	9,084
At 30 September 2019	<u>9,084</u>
Net book value	
At 30 September 2019	<u>-</u>
At 30 September 2018	<u>-</u>

Details of the principal subsidiaries, joint ventures and associates can be found under note 29.

Company

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost			
At 1 October 2018	2,851,943	55,000	2,906,943
Additions	116,155	-	116,155
At 30 September 2019	<u>2,968,098</u>	<u>55,000</u>	<u>3,023,098</u>

CROWDCUBE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

17. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due after more than one year				
Loans to associates	<u>16,667</u>	<u>91,667</u>	<u>16,667</u>	<u>91,667</u>
	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due within one year				
Trade debtors	83,678	120,545	17,341	69,104
Amounts owed by group undertakings	-	-	326,419	189,392
Other debtors	217,750	327,565	164,483	178,339
Prepayments and accrued income	<u>1,334,220</u>	<u>700,162</u>	<u>1,334,220</u>	<u>700,162</u>
	<u>1,635,648</u>	<u>1,148,272</u>	<u>1,842,463</u>	<u>1,136,997</u>

Trade debtors are stated after provisions for impairment of £Nil (2018: £Nil).

18. Current asset investments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Unlisted investments	<u>19,487</u>	<u>17,510</u>	<u>15,758</u>	<u>13,775</u>

Unlisted investments represents notional value holdings in clients of the Company. Investments are valued at cost less provision for impairment.

19. Cash at bank and in hand

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	<u>7,908,853</u>	<u>2,241,785</u>	<u>5,760,491</u>	<u>408,469</u>

CROWDCUBE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

20. Creditors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	464,002	421,750	430,502	375,117
Other taxation and social security	278,737	95,153	278,737	95,153
Other creditors	47,216	240,771	51,728	240,760
Accruals and deferred income	315,943	120,298	315,943	120,298
	1,105,898	877,972	1,076,910	831,328

21. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	1,671,862	1,257,449	1,874,888	1,242,439
Financial liabilities				
Financial liabilities measured at amortised cost	(827,161)	(782,819)	(798,173)	(736,175)

Financial assets measured at amortised cost comprise loans to associates, trade debtors, amounts owed by Group undertakings, current assets investments, other debtors and prepayments and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and deferred income and other creditors.

CROWDCUBE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

22. Called up share capital

	2019 £	2018 £
Allotted, called up and fully paid		
121,767,972 (2018: 116,292,000) A Ordinary shares of £0.001 each	121,768	116,292
37,990,090 (2018: 37,990,090) A Preference shares of £0.001 each	37,990	37,990
51,181,064 (2018: 42,541,180) B Investment shares of £0.001 each	51,181	42,541
24,726,930 (2018: 24,726,930) B Preference shares of £0.001 each	24,727	24,727
10,266,939 (2018: 6,844,000) C Preference shares of £0.001 each	10,267	6,844
9,924,709 (2018: Nil) D 1 Preference shares of £0.001 each	9,925	-
5,475,702 (2018: Nil) D 2 Preference shares of £0.001 each	5,476	-
	<u>261,334</u>	<u>228,394</u>

On 26 July 2019, 353,250 A Ordinary shares nominal value of £0.001 per share were issued at £0.009 per share.

On 26 July 2019, 84,390 A Ordinary shares nominal value of £0.001 per share were issued at £0.015 per share.

On 26 July 2019, 47,060 A Ordinary shares nominal value of £0.001 per share were issued at £0.026 per share.

On 15 October 2018, 300,000 A Ordinary shares nominal value of £0.001 per share were issued at £0.026 per share.

On 9 November 2018, 1,283,696 A Ordinary shares nominal value of £0.001 per share were issued at £0.026 per share.

On 28 May 2019, 162,269 A Ordinary shares nominal value of £0.001 per share were issued at £0.045 per share.

On 4 September 2019, 101,525 A Ordinary shares nominal value of £0.001 per share were issued at £0.045 per share.

On 11 February 2019, 63,956 A Ordinary shares nominal value of £0.001 per share were issued at £0.073 per share.

On 4 September 2019, 116,667 A Ordinary shares nominal value of £0.001 per share were issued at £0.073 per share.

On 24 January 2019, 2,963,730 A Ordinary shares nominal value of £0.001 per share were issued at £0.2922 per share.

On 24 January 2019, 8,639,884 B Investment shares nominal value of £0.001 per share were issued at £0.2922 per share.

On 9 November 2018, 3,422,313 C Preference shares nominal value of £0.001 per share were issued at £0.2922 per share.

On 9 November 2018, 8,555,784 D1 Preference shares nominal value of £0.001 per share were issued at £0.2922 per share.

On 9 January 2019, 1,368,925 D1 Preference shares nominal value of £0.001 per share were issued at £0.2922 per share.

CROWDCUBE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

22. Called up share capital (continued)

On 21 December 2018, 5,475,702 D2 Preference shares nominal value of £0.001 per share were issued at £0.2922 per share.

All classes of share rank pari passu as respects dividend distribution.

On a return of assets on liquidation, reduction of capital or otherwise the assets of the Company remaining after payment of its liabilities are distributed: (1) first to holders of D Preference shares on a pari passu basis, in priority to all other shareholders an amount equal to their subscription price, any unpaid dividends and in addition to all shareholders their pro rata share of £100; and (2) second to holders of A preference shares, B preference shares and C preference shares on a pari passu basis, in priority to all other shareholders an amount equal to their subscription price, any unpaid dividends and in addition to all shareholders their pro rata share of £100. Thereafter the balance is distributed to each of the holders of A Ordinary, B Investment and D Preference shares on a pari passu basis.

23. Reserves

Share premium account

Share premium represents the amount subscribed for share capital in excess of the nominal value.

Share based payment reserve

Share based payment reserve represents the fair value of options granted at grant date.

Foreign exchange reserve

Foreign exchange reserve represents foreign exchange variances on acquisition of Crowdcube Spain, S.L.

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Group.

24. Contingent liabilities

Between May 2017 and December 2019, the Company made 78 interest payments on behalf of mini-bond issuers as part of ongoing administration and registrar services. These 78 payments were made gross of withholding tax, based on a misinterpretation of advice surrounding a withholding tax exemption introduced in April 2017 through the Finance Act 2017. Upon further review these payments should have been made net of withholding tax totalling £959,978. The Company has rectified this mistake as of December 2019 and is now making all payments net of the required 20% withholding tax. The Company does not believe there to be any tax liability, however there is the potential for penalties to be due. Such penalties are estimated by the Directors as £213,000 but are expected to be lower and partially reimbursable through insurance. An unprompted and voluntary disclosure was made to HMRC immediately upon discovery of the error, however there is uncertainty about the penalties or timing of these until there is a reply from HMRC.

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £102,368 (2018: £97,387).

CROWDCUBE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

26. Commitments under operating leases

At 30 September the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	243,536	87,243
Later than 1 year and not later than 5 years	157,220	226,664
	<u>400,756</u>	<u>313,907</u>

The Group had no other off-Balance Sheet arrangements.

27. Transactions with directors

At the year end, D Westlake owed the Company £39,098 (2018: £39,098) in connection with drawings and unpaid share capital. This amount is included within other debtors.

At the year end, L Lang owed the Company £19,079 (2018: £19,079) in connection with drawings and unpaid share capital. This amount is shown in other debtors.

28. Ultimate parent undertaking and controlling party

The Company is not under the control of any one individual.

CROWDCUBE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

29. Subsidiaries and related undertakings

The related undertakings whose results or financial performance principally affect the figures shown in the consolidated financial statements are as follows:

Name	Registered office	Principal activity	Class of shares	Holding
Crowdcube Capital Limited	Fourth Floor, Broaquad House (South Block), Exeter, Devon, England, EX1 1TS	Provision of FCA regulated crowdfunder activities	Ordinary	100%
Crowdcube Spain, S.L.	Carrer de Rossell6 216, Planta 11, 08008, Barcelona	Provision of crowdfunding activities	Ordinary	100%
JP Nominees Limited	Fourth Floor, Broaquad House (South Block), Exeter, Devon, England, EX1 1TS	Nominee company	Ordinary	100%
Crowdcube Nominees Limited	Fourth Floor, Broaquad House (South Block), Exeter, Devon, England, EX1 1TS	Nominee company	Ordinary	100%
Crowdfunder Limited	First & Second Floor, 11 Cliff Road, Newquay, Cornwall, TR7 2NE	Provision of crowdfunding activities	Ordinary	21.42%

All the above subsidiaries are included in the consolidation. The Company's investments in all subsidiaries is direct ownership.