
MAILSTORAGE LIMITED

UNAUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



MAIL STORAGE LIMITED

COMPANY INFORMATION

Directors

C Ameln
J Hewett
S Folwell
A Bernard
W Edwards

Registered number

07659017

Registered office

5th Floor
One New Change
London
EC4M 9AF

Accountants

Grant Thornton UK LLP
Chartered Accountants
300 Pavilion Drive
Northampton Business Park
Northampton
NN4 7YE



Report to the directors on the preparation of the unaudited statutory financial statements of Mailstorage Limited for the year ended 31 December 2019

We have compiled the accompanying financial statements of Mailstorage Limited (the 'company') based on the information you have provided. These financial statements comprise the Balance Sheet of Mailstorage Limited as at 31 December 2019, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), 'Compilation Engagements'.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at www.icaew.com

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

This report is made solely to the Company's directors, as a body, in accordance with the terms of our engagement letter dated 6 February 2018. Our work has been undertaken solely to prepare for your approval the financial statements of the company and state those matters that we have agreed to state to the Company's directors, as a body, in this report in accordance with our engagement letter dated 6 February 2018. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its directors, as a body, for our work or for this report.

Grant Thornton UK LLP

Grant Thornton UK LLP

Chartered Accountants

Northampton

Date: 1 December 2020

MAILSTORAGE LIMITED
REGISTERED NUMBER: 07659017

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	4	267,553	198,175
Current assets			
Debtors: amounts falling due after more than one year	5	8,227,926	-
Debtors: amounts falling due within one year	5	20,331	7,680,889
Cash at bank and in hand	6	70,718	107,624
		<u>8,318,975</u>	<u>7,788,513</u>
Creditors: amounts falling due within one year	7	(3,570)	(3,595)
Net current assets		<u>8,315,405</u>	<u>7,784,918</u>
Total assets less current liabilities		<u>8,582,958</u>	<u>7,983,093</u>
Net assets		<u><u>8,582,958</u></u>	<u><u>7,983,093</u></u>
Capital and reserves			
Called up share capital	8	431,179	419,307
Share premium account		8,193,428	7,671,064
Capital redemption reserve		6,815	6,815
Other reserves		267,453	198,075
Profit and loss account		(315,917)	(312,168)
		<u>8,582,958</u>	<u>7,983,093</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

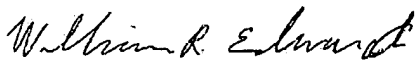
The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

30/11/20



W Edwards
Director

The notes on pages 4 to 9 form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

The company is a private company limited by shares and is registered in England and Wales.

Registered Number: 07659017

Registered office:
5th Floor
One New Change
London
EC4M 9AF

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The Board have assessed the company's ability to operate as a going concern for the 12 months from the date of signing the financial statements.

The uncertainty as to the future impact on the company of the recent COVID-19 outbreak has been considered as part of the company's adoption of the going concern basis.

Based on their review, and taking into account future expected cashflows, the directors believe that it remains appropriate to continue to adopt the going concern basis in preparing the financial statements.

2.3 Interest income

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.4 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

All the share options in issue have been awarded to employees of the subsidiary company, Lovespace Limited. These options entitle the holder to equity instruments in the company upon vesting.

The company has taken advantage of the exemption on transition to FRS 102 from accounting for share based payments on options already in issue at the transition date.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 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.

2.7 Cash and cash equivalents

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

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Statement of comprehensive income.

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

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

3. Employees

The average monthly number of employees, including directors, during the year was 6 (2018 - 6).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	198,175
Additions	69,378
At 31 December 2019	<u>267,553</u>

The investment is considered recoverable on the basis that the subsidiary is in its start-up phase and is expected to generate profits in the future.

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Class of shares	Holding
Lovespace Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Loss
Lovespace Limited	(7,895,534)	(647,150)

MAILSTORAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Debtors

	2019 £	2018 £
Due after more than one year		
Amounts owed by group undertakings	<u>8,227,926</u>	<u>-</u>
	2019 £	2018 £
Due within one year		
Amounts owed by group undertakings	-	7,660,558
Other debtors	4,871	4,871
Called up share capital not paid	15,460	15,460
	<u>20,331</u>	<u>7,680,889</u>

The amounts owed by group undertakings relates to a balance owed by the company's subsidiary, Lovespace Limited, in connection with investment in the start-up of the business. The Directors believe that this balance is recoverable, although anticipate that it will take a number of years for the full balance to be repaid.

6. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>70,718</u>	<u>107,624</u>

7. Creditors: Amounts falling due within one year

	2019 £	2018 £
Accruals and deferred income	<u>3,570</u>	<u>3,595</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
391,079,154 (2018 - 379,207,254) A Ordinary shares of £0.001 each	391,079	379,207
24,640,163 (2018 - 24,640,163) B Investment shares of £0.001 each	24,640	24,640
	<u>415,719</u>	<u>403,847</u>
Allotted, called up and partly paid		
15,459,603 (2018 - 15,459,603) A Ordinary shares of £0.001 each	<u>15,460</u>	<u>15,460</u>

On 5 April 2019 the company allotted 11,871,900 A Ordinary shares with a nominal value of £0.001 at £0.045 per share.

9. Share based payments

The company has taken advantage of the exemption available to small entities in relation to accounting for share based payments for share options which were granted prior to the start of the first reporting period under FRS 102.

In November 2019, 56,307,911 options were granted. These options have an exercise price of 2.2p. A Black scholes model was used to determine the fair value at grant date; key inputs were expected volatility of 50%, risk free rate of 0.5%, the exercise price of 2.2p and expected life to 31 December 2022. The total expense for the period is £69,378 (2018: £57,130). An apportionment of these options were granted on the basis that the 2,275,000 options issued in November 2018 and 6,825,000 options issued in November 2017 were rendered void.

Of the options granted between 2016 and 2019, 25,177,520 are part of an EMI scheme, 32,351,014 are part of an unapproved scheme and 36,313,134 are part of another scheme. Of the voided options 10,563,930 relate to the EMI scheme and 3,286,070 relate to the unapproved scheme. Of the options, 42,230,933 (2018: 5,813,390) and 29,064,944 (2018: 18,274,036) respectively are options granted to individuals who were directors of the company and of its parent at the year end and are not yet void.

10. Post balance sheet events

Subsequent to the year end, the company has raised an additional £500,111.65 in respect of the issue of 22,732,341 shares at £0.022 per share.

Prior to the date that the financial statements were approved, the coronavirus (COVID-19) outbreak had spread worldwide and caused extensive disruptions to businesses as well as economic activities globally, including the UK. Further details of the effects on operations have been noted in the Directors' report and the accounting policy for going concern. It is not possible to estimate the financial effect of COVID-19. However, based on their review, the Directors consider that it remains appropriate to prepare the financial statements on a going concern basis.