

LAUNDRAPP LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE PERIOD ENDED 31 DECEMBER 2018

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LAUNDRAPP LIMITED
REGISTERED NUMBER: 08971706

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	31 December 2018 £	30 April 2018 £
Fixed assets			
Intangible assets	4	567,722	318,284
Tangible assets	5	75,691	97,608
		<u>643,413</u>	<u>415,892</u>
Current assets			
Stocks		2,499	2,425
Debtors: amounts falling due within one year	6	832,420	792,772
Cash at bank and in hand	7	1,462,599	1,362,701
		<u>2,297,518</u>	<u>2,157,898</u>
Creditors: amounts falling due within one year	8	<u>(1,057,605)</u>	<u>(1,115,608)</u>
Net current assets		1,239,913	1,042,290
Total assets less current liabilities		<u>1,883,326</u>	<u>1,458,182</u>
Creditors: amounts falling due after more than one year	9	(2,440,060)	-
Net (liabilities)/assets		<u><u>(556,734)</u></u>	<u><u>1,458,182</u></u>
Capital and reserves			
Called up share capital		69	63
Share premium account		17,153,114	16,220,045
Profit and loss account		(17,709,917)	(14,761,926)
		<u><u>(556,734)</u></u>	<u><u>1,458,182</u></u>

LAUNDRAPP LIMITED
REGISTERED NUMBER: 08971706

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

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 income and retained earnings 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 by:



CH Samler
Director

Date: **25 SEP 2019**

The notes on pages 4 to 14 form part of these financial statements.

LAUNDRAPP LIMITED

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 May 2017	53	10,638,570	(9,332,522)	1,306,101
Comprehensive income for the year				
Loss for the year	-	-	(5,429,404)	(5,429,404)
Total comprehensive income for the year	-	-	(5,429,404)	(5,429,404)
Shares issued during the year	10	5,581,475	-	5,581,485
At 1 May 2018	63	16,220,045	(14,761,926)	1,458,182
Comprehensive income for the period				
Loss for the period	-	-	(2,947,991)	(2,947,991)
Total comprehensive income for the period	-	-	(2,947,991)	(2,947,991)
Shares issued during the period	6	933,069	-	933,075
At 31 December 2018	69	17,153,114	(17,709,917)	(556,734)

The notes on pages 4 to 14 form part of these financial statements.

LAUNDRAPP LIMITED

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

1. General information

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is: 62/70 Short Gardens, London, WC2H 9AH.

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

In June 2019 the Company concluded a financing round, mostly supported by existing shareholders, which raised in total £4,087,777 in return for ordinary shares in the Company. These funds are expected to provide sufficient working capital to support the Company through its post acquisition integration and transformation programme beyond the next year end (31 December 2019).

The Company made a loss for the period of £2,947,991 (*year to 30 April 2018 - £5,429,404*) and as at the balance sheet date had net liabilities of £556,734 (*30 April 2018 - net assets of £1,458,182*). The directors have prepared projections that indicate the Company has sufficient working capital to enable it to pay its debts when they fall due. The Company is continuing to reduce its cost base and expects to benefit from lower unit costs and other synergies following the integration of the ZipJet group acquired post period end (see note 14). Accordingly, the directors have prepared the accounts on a going concern basis.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

LAUNDRAPP LIMITED

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

2. Accounting policies (continued)

2.4 Revenue

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

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

2. Accounting policies (continued)

2.8 Finance costs

Finance costs are charged to the Statement of income and retained earnings 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.

2.9 Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings in the period in which they are incurred.

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of income and retained earnings 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 Company in independently administered funds.

2.11 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 income and retained earnings 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 income and retained earnings over the remaining vesting period.

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

LAUNDRAPP LIMITED

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

2. Accounting policies (continued)

2.12 Taxation

Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.13 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 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 Statement of income and retained earnings over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.14 Tangible fixed assets

Tangible fixed 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.

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:

Motor vehicles	- 4 years
Fixtures and fittings	- 4 years
Computer equipment	- 4 years

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 Statement of income and retained earnings.

LAUNDRAPP LIMITED

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

2. Accounting policies (continued)

2.15 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.

2.16 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.

2.17 Creditors

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

2.18 Financial instruments

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

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 income and retained earnings.

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. Employees

The average monthly number of employees, including directors, during the period was 96 (2018 - 96).

LAUNDRAPP LIMITED

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

4. Intangible assets

	Develop- ment £	Goodwill £	Total £
Cost			
At 1 May 2018	1,391,773	25,000	1,416,773
Additions	493,223	-	493,223
At 31 December 2018	<u>1,884,996</u>	<u>25,000</u>	<u>1,909,996</u>
Amortisation			
At 1 May 2018	1,073,489	25,000	1,098,489
Charge for the year	243,785	-	243,785
At 31 December 2018	<u>1,317,274</u>	<u>25,000</u>	<u>1,342,274</u>
Net book value			
At 31 December 2018	<u>567,722</u>	<u>-</u>	<u>567,722</u>
At 30 April 2018	<u>318,284</u>	<u>-</u>	<u>318,284</u>

LAUNDRAPP LIMITED

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

5. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 May 2018	72,968	24,398	80,035	177,401
Additions	-	160	12,949	13,109
Disposals	(18,001)	(482)	(2,278)	(20,761)
At 31 December 2018	<u>54,967</u>	<u>24,076</u>	<u>90,706</u>	<u>169,749</u>
Depreciation				
At 1 May 2018	37,618	5,820	36,355	79,793
Charge for the period on owned assets	10,051	4,016	13,036	27,103
Disposals	(10,774)	(137)	(1,927)	(12,838)
At 31 December 2018	<u>36,895</u>	<u>9,699</u>	<u>47,464</u>	<u>94,058</u>
Net book value				
At 31 December 2018	<u>18,072</u>	<u>14,377</u>	<u>43,242</u>	<u>75,691</u>
At 30 April 2018	<u>35,350</u>	<u>18,578</u>	<u>43,680</u>	<u>97,608</u>

LAUNDRAPP LIMITED

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

6. Debtors

	31 December 2018 £	30 April 2018 £
Trade debtors	123,687	247,308
Other debtors	164,897	58,004
Prepayments and accrued income	225,599	249,223
Tax recoverable	318,237	238,237
	<u>832,420</u>	<u>792,772</u>

7. Cash and cash equivalents

	31 December 2018 £	30 April 2018 £
Cash at bank and in hand	1,462,599	1,362,701
	<u>1,462,599</u>	<u>1,362,701</u>

8. Creditors: Amounts falling due within one year

	31 December 2018 £	30 April 2018 £
Trade creditors	343,934	496,525
Other taxation and social security	85,853	110,808
Other creditors	76,461	86,895
Accruals and deferred income	551,357	421,380
	<u>1,057,605</u>	<u>1,115,608</u>

LAUNDRAPP LIMITED

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

9. Creditors: Amounts falling due after more than one year

	31 December 2018 £	30 April 2018 £
Loan notes	2,440,060	-
	2,440,060	-

The unsecured, 10% fixed rate loan notes were issued on 8 August 2018. The noteholders have the option to convert the loan notes into Ordinary shares at any time. The loan notes will automatically convert into Ordinary shares should a 'Qualifying Event' occur. Any loan notes not converted 5 years and one day following issue will be redeemed at the principal amount.

10. Share based payments

The Company has provided share options to certain employees as part of an equity-settled share based payment scheme. At 31 December 2018 there were 6 employees holding options (*April 2018 - 9*). The options may only be exercised on an exit event.

	31 December Weighted average exercise price (pence) 2018	31 December Number 2018	30 April Weighted average exercise price (pence) 2018	30 April Number 2018
Outstanding at the beginning of the year	595	33,438	667	46,229
Granted during the year		-	-	-
Forfeited during the year	662	(14,876)	857	(12,791)
Outstanding at the end of the year	541	18,562	595	33,438

11. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £20,811 (*April 2018 - £10,187*). Contributions totalling £5,655 (*April 2018 - £16,169*) were payable to the fund at the balance sheet date and are included in creditors.

LAUNDRAPP LIMITED

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

12. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2018 £	30 April 2018 £
Not later than 1 year	218,529	343,586
Later than 1 year and not later than 5 years	61,881	202,298
	<u>280,410</u>	<u>545,884</u>

13. Related party transactions

Airsorted Limited, a company of which B Epp is also a director, was charged £446,798 (*April 2018 - £182,072*) for services provided in the period. £56,798 (*April 2018 - £92,859*) was outstanding at the year end. These transactions were all on an arm's length basis.

D Perks, a director of the Company until 25 September 2018, charged the Company consultancy fees of £nil (*April 2018 - £42,750*). £nil (*April 2018 - £5,000*) was outstanding at the year end.

T Scarborough, a director of the Company until 25 September 2018, charged the Company Board and consultancy fees of £10,000 (*April 2018 - £24,000*). £nil (*April 2018 - £14,000*) was outstanding at the year end.

14. Post balance sheet events

On 15 April 2019, the Company acquired the entire share capital of ZipJet Global S.a.r.l. ("ZipJet group") for a consideration of £17.5 million in return for shares issued in the Company. The acquired business will be consolidated from 15 April 2019. In order to align accounting periods, Laundrapp Limited has changed its accounting year end to 31 December. As the acquisition accounting has not yet been completed, no further financial impacts are available for disclosure at this date.

In June 2019 the Company concluded a financing round, mostly supported by existing shareholders, which raised in total £4,087,777 in return for ordinary shares in the Company.

LAUNDRAPP LIMITED

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

15. Auditor's information

The auditor's report on the financial statements for the period ended 31 December 2018 was unqualified.

In their report, the auditor emphasised the following matter without qualifying their report:

Material uncertainty related to going concern - We draw attention to note 2.2 in the financial statements, which indicates that the Company is reliant upon future fundraising in order to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The audit report was signed on **27 SEP 2019** by Vicky Szulist (Senior statutory auditor) on behalf of Crowe U.K. LLP.