

Yoti Ltd

Directors' Report and Financial Statements

Year Ended

31 March 2017

Company Number 08998951

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Yoti Ltd

Company Information

Directors	R J Tombs D R Francis N T J Hayden H C Godsal
Registered number	08998951
Registered office	Fountain House 130 Fenchurch Street London England EC3M 5DJ
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Yoti Ltd

Contents

	Page
Directors' Report	1
Directors' Responsibilities Statement	2
Independent Auditor's Report	3 - 4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8 - 20

Yoti Ltd

Directors' Report For the Year Ended 31 March 2017

The directors present their report and the audited financial statements for the year ended 31 March 2017.

Principal activity and activities during the year

The company is a software technology company currently in the research and development phase and therefore no revenue has been generated in the current or prior year.

Results and dividends

The loss for the year, after taxation, amounted to £10,034,967 (2016 - loss £4,269,328).

The directors do not recommend the payment of a dividend (2016 - £Nil).

Directors

The directors who served during the year were:

R J Tombs
D R Francis
N T J Hayden
H C Godsal (appointed 21 November 2016)

Post statement of financial position events

The company's ultimate parent company, Yoti Holding Ltd, has issued 522,878 A ordinary shares in May 2017.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

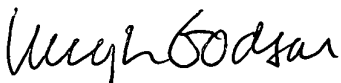
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



H C Godsal
Director

Date: 5 December 2017

Yoti Ltd

Directors' Responsibilities Statement For the Year Ended 31 March 2017

The directors are responsible for preparing the directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 company and of the profit or loss of the company for that period.

In preparing these audited financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Yoti Ltd

Independent Auditor's Report to the Members of Yoti Ltd

We have audited the financial statements of Yoti Ltd for the year ended 31 March 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Yoti Ltd

Independent Auditor's Report to the Members of Yoti Ltd (continued)

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

BDO LLP

Oliver Chinneck (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

5 December 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Yoti Ltd

Statement of Comprehensive Income For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Administrative expenses		(10,985,768)	(4,951,814)
Operating loss	4	(10,985,768)	(4,951,814)
Interest payable and similar charges	8	(476,604)	(226,736)
Loss before tax		(11,462,372)	(5,178,550)
Tax on loss	9	1,427,405	909,222
Loss for the financial year		(10,034,967)	(4,269,328)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(10,034,967)	(4,269,328)

The notes on pages 8 to 20 form part of these financial statements.

Yoti Ltd
Registered number: 08998951

Statement of Financial Position
As at 31 March 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	10		27,952		20,806
Tangible assets	11		904,981		648,613
			<u>932,933</u>		<u>669,419</u>
Current assets					
Debtors	12	2,054,990		1,557,264	
Cash at bank and in hand		470,022		225,687	
		<u>2,525,012</u>		<u>1,782,951</u>	
Creditors: amounts falling due within one year	13	(18,452,829)		(7,610,163)	
Net current liabilities			<u>(15,927,817)</u>		<u>(5,827,212)</u>
Other provisions	14	(150,000)		-	
			<u>(150,000)</u>		<u>-</u>
Net liabilities			<u><u>(15,144,884)</u></u>		<u><u>(5,157,793)</u></u>
Capital and reserves					
Called up share capital	15		10		10
Capital contribution reserve	16		185,376		137,500
Profit and loss account	16		(15,330,270)		(5,295,303)
Total equity			<u><u>(15,144,884)</u></u>		<u><u>(5,157,793)</u></u>

The company's financial statements have been prepared in accordance with the 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:



H C Godsal
Director

Date: 5 December 2017

The notes on pages 8 to 20 form part of these financial statements.

Yoti Ltd

Statement of Changes in Equity For the Year Ended 31 March 2017

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	10	137,500	(5,295,303)	(5,157,793)
Comprehensive income for the year				
Loss for the year	-	-	(10,034,967)	(10,034,967)
Total comprehensive income for the year	-	-	(10,034,967)	(10,034,967)
Shares issued during the year	-	47,876	-	47,876
At 31 March 2017	10	185,376	(15,330,270)	(15,144,884)

Statement of Changes in Equity For the Year Ended 31 March 2016

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015	10	-	(1,025,975)	(1,025,965)
Comprehensive income for the year				
Loss for the year	-	-	(4,269,328)	(4,269,328)
Total comprehensive income for the year	-	-	(4,269,328)	(4,269,328)
Contributions by and distributions to owners				
Shares issued during the year	-	137,500	-	137,500
At 31 March 2016	10	137,500	(5,295,303)	(5,157,793)

The notes on pages 8 to 20 form part of these financial statements.

Yoti Ltd

Notes to the Financial Statements For the Year Ended 31 March 2017

1. General information

Yoti Ltd is a company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is shown on the company information page. The nature of the company's operations and its principal activities are outlined in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 accounting estimates. It also requires management to exercise judgement in applying company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Yoti Holding Ltd as at 31 March 2017 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 Going concern

The financial statements have been prepared on a going concern basis despite the net liabilities of £15,144,884 (2016 - £5,157,793). The directors have reviewed the cash flow forecasts of Yoti Holding Ltd for the next 12 months and have confirmed that they have received letters of support from shareholders that they will not demand repayment of the loans due to them totaling £17,102,745 (2016 - £7,126,141) until such a time as the company has sufficient funds to make the repayment. In addition for a period of no less than 12 months from the date of approval of the financial statements the shareholders of Yoti Holding Ltd have confirmed that they will continue to provide support and financial resources required to meet the company's liabilities as they fall due. Consequently the directors believe the group and company will continue as a going concern and the financial statements have been prepared on this basis.

Yoti Ltd

Notes to the Financial Statements For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.4 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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 five years.

Intangibles are amortised over a 3 year life.

2.5 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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 bases:

Office equipment	- 33% straight line
Computer equipment	- 33% 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 statement of comprehensive income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.7 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities. These include trade and other accounts receivable, payable and loans from related parties.

Yoti Ltd

Notes to the Financial Statements For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.9 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 gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.10 Finance costs

Finance costs are charged to the 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.

2.11 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

2.12 Taxation

Tax is recognised in the statement of comprehensive income, except that a change 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 reporting date in the countries where the company operates and generates income.

As the company is currently a start-up software company they incur certain expenses that are available to be claimed as a credit for tax purposes even if no tax liability exists. These are recorded when the company believes they are recoverable.

2.13 Research and development

Research and development costs in relation to software development and staff costs are expensed in the period that they are incurred.

Yoti Ltd

Notes to the Financial Statements For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.7 Financial instruments (continued)

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 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 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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

2.8 Creditors

Short term creditors are measured at the transaction price.

Yoti Ltd

Notes to the Financial Statements For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.14 Share based payments

Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value is determined at the grant date of the equity-settled share-based payments and is expensed in the period it relates to. The fair value is measured using the most appropriate valuation method and the change is spread over the vesting period. The expense is recorded as a share based payment charge and as a capital contribution in equity as the shares and share options have been issued by the ultimate parent company, Yoti Holding Ltd.

2.15 Provisions for liabilities

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

3. Judgements in applying accounting policies and key sources of estimated uncertainty

In preparing these financial statements the directors have had to make the following judgements:

- Determining whether costs incurred on internal projects satisfy the criteria to qualify for tax credits from the HMRC. Factors considered include ensuring technology costs achieve an advance in the overall knowledge or capability in a field of technology through the resolution of scientific or technological uncertainty and not simply an advance in its own state of knowledge or capability.
- Determining the value of share options issued to their employees by the parent company. Factors considered include share option model, leaver assumptions and projected earnings.

4. Operating loss

The operating loss is stated after charging:

	2017 £	2016 £
Research and development charged as an expense	4,283,526	2,139,845
Depreciation of tangible fixed assets	375,890	134,352
Amortisation of intangible assets	3,174	748
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	16,500	17,500
Fees payable to the company's auditor and its associates for taxation services	6,750	2,500
Exchange differences	7,952	7,114

Yoti Ltd

Notes to the Financial Statements For the Year Ended 31 March 2017

5. Employees

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

	2017 No.	2016 No.
Directors	4	3
Employees	94	44
	<u>98</u>	<u>47</u>

6. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	53,636	9,400
Share based payments	5,004	5,000
	<u>58,640</u>	<u>14,400</u>

7. Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company. During the year, salaries and share based payment charges of key management personnel totalled £366,669 (2016 - £154,400).

These individuals also received compensation in relation to shares and options issued by the ultimate parent company, Yoti Holding Ltd. They received no C shares (2016 - 307,500), 5,000 D shares (2016 - Nil) and 222,500 EMI Options (2016 - Nil).

8. Interest payable and similar charges

	2017 £	2016 £
Related party loan interest payable	<u>476,604</u>	<u>226,736</u>

Yoti Ltd

Notes to the Financial Statements For the Year Ended 31 March 2017

9. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on losses for the year	(1,427,405)	(713,638)
Adjustments in respect of previous periods	-	(195,584)
Total current tax	(1,427,405)	(909,222)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	(11,462,372)	(5,178,550)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	(2,292,474)	(1,034,711)
Effects of:		
Expenses not deductible for tax purposes	36,438	36,020
Additional deduction for R&D expenditure	(1,093,703)	(556,360)
Surrender of tax losses for R&D tax credit refund	541,372	270,691
Adjustments to tax charge in respect of previous periods	-	(195,584)
Group relief surrendered	21,345	-
Deferred tax not recognised on tax losses	1,359,617	570,722
Total tax credit for the year	(1,427,405)	(909,222)

Factors that may affect future tax charges

The future tax rate will decrease to 19% with effect from 1 April 2017 and 17% from 1 April 2020.

The company had carried forward tax losses of £9,676,339 (2016 - £4,105,944). No deferred tax asset has been recognised.

Yoti Ltd

Notes to the Financial Statements For the Year Ended 31 March 2017

10. Intangible assets

	Development £
Cost	
At 1 April 2016	21,642
Additions	10,320
At 31 March 2017	<u>31,962</u>
Amortisation	
At 1 April 2016	836
Charge for the year	3,174
At 31 March 2017	<u>4,010</u>
Net book value	
At 31 March 2017	<u><u>27,952</u></u>
At 31 March 2016	<u><u>20,806</u></u>

Yoti Ltd

Notes to the Financial Statements For the Year Ended 31 March 2017

11. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 April 2016	151,633	639,831	791,464
Additions	72,601	559,657	632,258
At 31 March 2017	224,234	1,199,488	1,423,722
Depreciation			
At 1 April 2016	10,897	131,954	142,851
Charge for the year	97,041	278,849	375,890
At 31 March 2017	107,938	410,803	518,741
Net book value			
At 31 March 2017	116,296	788,685	904,981
At 31 March 2016	140,736	507,877	648,613

Yoti Ltd

Notes to the Financial Statements For the Year Ended 31 March 2017

12. Debtors

	2017 £	2016 £
Amounts owed by group undertakings	5,000	15,000
Amounts owed by related parties	5,135	32,937
Other debtors	428,696	325,797
Prepayments and accrued income	187,904	274,308
Research and development tax credit receivable	1,428,255	909,222
	<u>2,054,990</u>	<u>1,557,264</u>

Included in other debtors is £Nil (2016 - £72,660) falling due after more than one year.

The impairment loss recognised in the profit or loss for the year in respect of bad and doubtful trade debtors was £Nil (2016 - £Nil).

13. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	391,743	216,035
Related party loans	17,102,745	7,126,141
Amounts owed to parent company	471,482	26,082
Taxation and social security	183,372	98,915
Other creditors	3,910	198
Accruals and deferred income	299,577	142,792
	<u>18,452,829</u>	<u>7,610,163</u>

Related party loans are repayable on demand. The loans accrue interest at 8% in 2015, 6% in 2016, 4% in 2017 and 2% in 2018 on the basis that the loans have not been called.

Amounts owed to parent company are currently repayable on demand and no interest is being charged.

Yoti Ltd

Notes to the Financial Statements For the Year Ended 31 March 2017

14. Provisions

	Other provision £
Charged to profit or loss	150,000
At 31 March 2017	150,000

At the year end the company has made a provision of £150,000 in respect of an ongoing supplier claim.

15. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1,000 ordinary shares of £0.01 each	10	10

16. Reserves

Share capital

Called up share capital represents the nominal value of shares issued.

Capital contribution reserve

The capital contribution reserve includes amounts relating to share based payment charges for shares issued by the parent company.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

Yoti Ltd

Notes to the Financial Statements For the Year Ended 31 March 2017

17. Share based payments

In May 2016 Yoti Holding Ltd issued 169,000 D shares to employees of Yoti Ltd and some non-employees for nil proceeds. The shares are subject to certain leaver provisions and restrictions on sale, the fair value of the shares was considered to be negligible and therefore no share based payment charge has been recorded.

In July and December 2016, Yoti Holding Ltd issued 639,500 share options to employees of Yoti Ltd under an EMI share option scheme. The options are subject to vesting conditions linked to certain business valuation hurdles and leaver provisions, or at the discretion of the directors where an employee is deemed to be a good leaver. At the year-end 49,917 options had lapsed and 3,833 had vested and been exercised. The remaining 585,750 options remain unvested and were not capable of exercise at the year-end. The options have a nil pence exercise price and were valued using a black-scholes model with probabilities included based on the directors best estimate of valuation hurdles being achieved. The fair value was calculated as £0.60 per share and a charge of £41,276 has been recorded in the current year.

In January 2017 Yoti Holding Ltd issued 11,000 E shares to an external advisor engaged by Yoti Limited for nil proceeds, the fair value of the shares issued was £0.60 per share and share based payment charge of £6,600 has been recorded.

In the prior year, Yoti Holding Ltd issued 65,000 B shares, 72,500 B1 shares and 574,000 C shares to employees of Yoti Ltd with certain leaver provisions and restrictions on sale. Upon issue of the shares Yoti Holding Ltd was issued with a call option that allowed it, within the 6 month period post issue, to have the option to acquire, or to force the A ordinary shareholders to acquire, the B and B1 ordinary shares at £5 per share. The option period for the B ordinary shares expired prior to the year-end with no such exercises and the option period for the B1 ordinary shares expired post year-end on 31 May 2016 also with no options exercised. Having considered the terms of the option the directors considered that the fair value of the option at 31 March 2016 was negligible and consequently no asset was recorded.

In addition, the employee shares were issued with a put option that allowed them at any point in the 6 month period post issue of the shares to require the A ordinary shareholders to acquire their shares for £1 per share, none of these options were exercised and expired during the current year. As a consequence of the put option the B and B1 shares issued have a fair value of £1 at the date of grant and therefore a share based payment charge of £137,500 was recorded in the prior year. The C shares issued had a fair value of nil.

18. Commitments under operating leases

At 31 March 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	60,000	242,220
Later than 1 year and not later than 5 years	-	464,476
	60,000	706,696

The company entered into a lease post the balance sheet date with annual commitments of £346,005. The lease term ends 2019.

Yoti Ltd

Notes to the Financial Statements For the Year Ended 31 March 2017

19. Related party transactions

The company is a wholly owned subsidiary of Yoti Holding Ltd and has taken advantage of the exemption conferred by Section 33.1A of FRS 102 not to disclose transactions with Yoti Holding Ltd or other wholly owned subsidiaries within the group.

A close family member of a director was engaged as a consultant and paid £48,750 (2016 - £50,000). The consultant was also reimbursed for expenses of £31,900 (2016 - £40,000). The year-end payable position is £15,355 (2016 - £20,379).

Costs were recharged to a company under the control of a director resulting in a receivable at the year-end of £5,134 (2016 - £143,000). All amounts were recovered post year end.

A debtor of £Nil (2016- 23,866) in the statement of financial position was due to the Group for shared office space for a company under similar directorship. The recharge of costs is unsecured with no terms and conditions and no guarantees have been received.

A director paid for expenses incurred during 2016 for various services. A payable was recorded in the prior year of £23,462. This was fully paid during the 2017 year.

The group has outstanding loan balances with its directors who are significant shareholders of £17,102,745 (2016 - £7,126,141). The loans are unsecured with no terms and conditions and no guarantees have been received. The loans accrued interest during the year of £476,604 (2016 - £226,736).

In the prior year a debtor of £9,071 was recorded in the statement of financial position for certain costs covered for a charity of which a director is a trustee. The debtor was repaid during the year and there is no debtor as at the 2017 year end.

During the year, key management personnel received total salaries and benefits of £366,669 (2016 - £154,400). The directors and key management personnel also received nil A shares (2016 - Nil), nil B shares (2016 - 10,000), nil C shares (2016 - 307,500), 5,000 D shares (2016 - Nil) and 222,500 EMI options (2016 - Nil).

20. Post statement of financial position event

The company's ultimate parent company, Yoti Holding Ltd, has issued 522,878 A ordinary shares in May 2017.

21. Controlling party

The company is a wholly owned subsidiary of Yoti Holding Ltd which is the ultimate parent company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Yoti Holding Ltd, incorporated in England and Wales. The consolidated accounts of this company are available to the public from Companies House, Crown Way, Cardiff, CF14 3UZ.

In the opinion of the directors there is no ultimate controlling party.