

Registration number: 09233754

Soldo Ltd
Annual Report and Consolidated Financial Statements
for the Year Ended 31 December 2016



Soldo Ltd

Contents

Company Information	1
Strategic Report	2
Directors' Report	3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5 to 7
Consolidated Income Statement	8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10
Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Statement of Changes in Equity	13 to 14
Consolidated Statement of Cash Flows	15
Statement of Cash Flows	16
Notes to the Financial Statements	17 to 27
Non-statutory pages	28 to 33
Detailed Consolidated Income Statement	28
Detailed Company Income Statement	31

Soldo Ltd

Company Information

Directors

Mr Andrea Gerosa

Mr Roberto Bonanzinga

Mr Carlo Corrado Gualandri

Mr Luigi Berlusconi

Ms Sonali De Rycker

Mr Paolo Mazzoni

Registered office

Charles House
108-110 Finchley Road
London
NW3 5JJ

Auditors

DTL Auditors Limited
5th Floor, North Side
7-10 Chandos Street
W1G 9DQ

Soldo Ltd

Strategic Report for the Year Ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

Fair review of the business

Soldo Ltd is a FinTech software company developing a modern technological, regulatory and operational platform for real time transactional banking supporting multiple jurisdictions, languages and currencies allowing customers in its target markets (being individuals, families and SMEs) to better control their day to day spending both on and offline.

2016 has been the first year of commercial operation with regards to the consumer proposition operated in conjunction with Paysafe Financials Services Ltd as E-money issuer. Several thousands of customers in UK and Italy are enjoying the "Soldo Family" product. During 2016 the Company secured two Convertible Loan Note Instruments ("CLNI") for a total amount of £ 3,650,000 from the founder, Carlo Gualandri, management, individuals, family offices and Institutional Investors.

The Company has continued the development of his technology product platform and by the end of the year a new product, "Soldo Business", had been released and tested. As planned this product was then launched in the market in February 2017.

Future developments

- With its CLNI financing, Soldo will invest in: Hiring leading talent to develop the business and improve its technology
- Accelerate and scale up operations & marketing
- Continue its international expansion

The Company does not use complex KPIs in monitoring the business. License fees for the use of the technology platform and its related operating expenses are the principal components of the company's operations.

The board of directors monitors a number of key performance indicators such as the financial risks - liquidity risk and market risk.

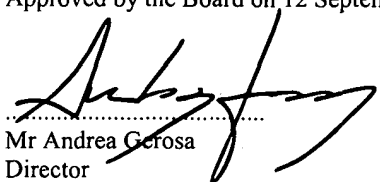
Liquidity risk is the risk that the company's cash and committed facilities may be insufficient to meet its obligations as and when they fall due. In considering the performance of the business before its commercial launch cash flow measurements and projections as well as sources of liquidity are reviewed regularly to ensure availability of adequate funds.

Principal risks and uncertainties

The company's activities expose it to a number of risks. The principal risk is that the company will be unable to meet its obligations should shareholders cut their investments before commercial launch. However, the board of directors continues to raise funds through loan stock or new round of equity financing to have sufficient funds to mitigate any of such circumstances.

The board of directors also monitors the financial risks of the company and has a responsibility of ensuring effective risk management and control. To this end, the board believe that there is no cause for concern to the company.

Approved by the Board on 12 September 2017 and signed on its behalf by:


.....
Mr Andrea Gerosa
Director

Soldo Ltd

Directors' Report for the Year Ended 31 December 2016

The directors present their report and the consolidated financial statements for the year ended 31 December 2016.

Directors' of the group

The directors, who held office during the year, were as follows:

Mr Andrea Gerosa

Mr Roberto Bonanzinga

Mr Carlo Corrado Gualandri

The following directors were appointed after the year end:

Mr Luigi Berlusconi (appointed 28 June 2017)

Ms Sonali De Rycker (appointed 28 June 2017)

Mr Paolo Mazzoni (appointed 28 June 2017)

Branches outside the United Kingdom

Soldo Ltd has a branch in Italy located at Via Adolfo Rava 124, Rome 00142, Italy

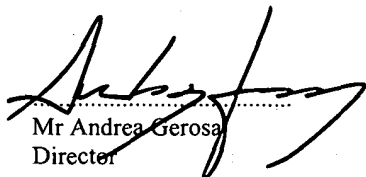
Going concern

The directors have prepared forecasts which cover a period of at least twelve months from the date of approval of these financial statements. These forecasts indicate that the company will have sufficient financial resource to enable it to settle its liabilities as and when they fall due. Accordingly, the directors have prepared these financial statements on a going concern basis.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 12 September 2017 and signed on its behalf by:


Mr Andrea Gerosa
Director

Soldo Ltd

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 company will continue in business.

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

Soldo Ltd

Independent Auditor's Report to the Members of Soldo Ltd

Opinion

We have audited the financial statements of Soldo Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2016, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Soldo Ltd

Independent Auditor's Report to the Members of Soldo Ltd

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 4], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

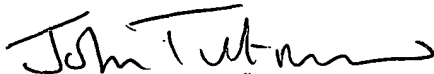
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Soldo Ltd

Independent Auditor's Report to the Members of Soldo Ltd

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



John Tiltman (Senior Statutory Auditor)
For and on behalf of DTL Auditors Limited, Statutory Auditor

5th Floor, North Side
7-10 Chandos Street
W1G 9DQ

Date: 26 September 2017

Soldo Ltd

Consolidated Income Statement for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Revenue	3	27,217	-
Administrative expenses		<u>(2,831,911)</u>	<u>(1,250,057)</u>
Operating loss	4	<u>(2,804,694)</u>	<u>(1,250,057)</u>
Finance income		1,434	2,469
Finance costs		<u>(87,917)</u>	<u>(2,061)</u>
Net finance (cost)/income	5	<u>(86,483)</u>	408
Loss before tax		<u>(2,891,177)</u>	<u>(1,249,649)</u>
Loss for the year		<u>(2,891,177)</u>	<u>(1,249,649)</u>
Profit/(loss) attributable to:			
Owners of the company		<u>(2,891,177)</u>	<u>(1,249,649)</u>

The above results were derived from continuing operations.

Soldo Ltd

**Consolidated Statement of Comprehensive Income for the Year Ended 31 December
2016**

	2016 £	2015 £
Loss for the year	<u>(2,891,177)</u>	<u>(1,249,649)</u>
Total comprehensive income for the year	<u>(2,891,177)</u>	<u>(1,249,649)</u>
Total comprehensive income attributable to:		
Owners of the company	<u>(2,891,177)</u>	<u>(1,249,649)</u>

The notes on pages 17 to 27 form an integral part of these financial statements.

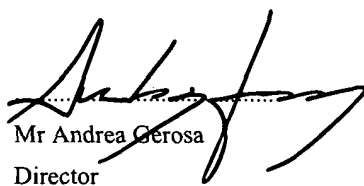
Soldo Ltd

(Registration number: 09233754)

Consolidated Statement of Financial Position as at 31 December 2016

	Note	2016 £	2015 £
Assets			
Non-current assets			
Property, plant and equipment	8	34,205	11,203
Intangible assets	9	1,207,511	622,854
		<u>1,241,716</u>	<u>634,057</u>
Current assets			
Trade and other receivables	11	217,609	115,117
Cash and cash equivalents	12	2,613,569	2,219,892
		<u>2,831,178</u>	<u>2,335,009</u>
Total assets		<u>4,072,894</u>	<u>2,969,066</u>
Equity and liabilities			
Equity			
Share capital	13	(1,494)	(1,429)
Share premium		(3,999,738)	(3,999,738)
Retained earnings		4,140,826	1,249,649
Equity attributable to owners of the company		<u>139,594</u>	<u>(2,751,518)</u>
Current liabilities			
Trade and other payables	16	(479,669)	(217,548)
Loans and borrowings	14	(3,732,819)	-
		<u>(4,212,488)</u>	<u>(217,548)</u>
Total equity and liabilities		<u>(4,072,894)</u>	<u>(2,969,066)</u>

Approved by the Board on 12 September 2017 and signed on its behalf by:


Mr Andrea Gerosa
Director

The notes on pages 17 to 27 form an integral part of these financial statements.

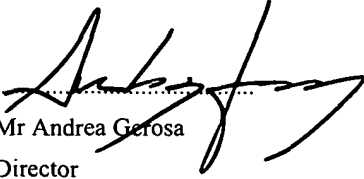
Soldo Ltd

(Registration number: 09233754)

Statement of Financial Position as at 31 December 2016

	Note	2016 £	2015 £
Assets			
Non-current assets			
Property, plant and equipment	8	34,205	11,203
Intangible assets	9	1,207,511	622,854
Investments in subsidiaries, joint ventures and associates	10	1,000,000	-
		<u>2,241,716</u>	<u>634,057</u>
Current assets			
Trade and other receivables	11	262,274	115,117
Cash and cash equivalents	12	2,019,007	2,219,892
		<u>2,281,281</u>	<u>2,335,009</u>
Total assets		<u>4,522,997</u>	<u>2,969,066</u>
Equity and liabilities			
Equity			
Share capital	13	(1,494)	(1,429)
Share premium		(3,999,738)	(3,999,738)
Retained earnings		3,649,590	1,249,649
Total equity		<u>(351,642)</u>	<u>(2,751,518)</u>
Current liabilities			
Trade and other payables	16	(438,536)	(217,548)
Loans and borrowings	14	(3,732,819)	-
		<u>(4,171,355)</u>	<u>(217,548)</u>
Total equity and liabilities		<u>(4,522,997)</u>	<u>(2,969,066)</u>

Approved by the Board on 12 September 2017 and signed on its behalf by:


 Mr Andrea Gerosa
 Director

The notes on pages 17 to 27 form an integral part of these financial statements.

Soldo Ltd

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £	Share premium £	Retained earnings £	Total £	Total equity £
At 1 January 2016	1,429	3,999,738	(1,249,649)	2,751,518	2,751,518
Loss for the year	-	-	(2,891,177)	(2,891,177)	(2,891,177)
Total comprehensive income	-	-	(2,891,177)	(2,891,177)	(2,891,177)
New share capital subscribed	65	-	-	65	65
At 31 December 2016	1,494	3,999,738	(4,140,826)	(139,594)	(139,594)
	Share capital £	Share premium £	Retained earnings £	Total £	Total equity £
Loss for the year	-	-	(1,249,649)	(1,249,649)	(1,249,649)
Total comprehensive income	-	-	(1,249,649)	(1,249,649)	(1,249,649)
New share capital subscribed	1,000	3,999,738	-	4,000,738	4,000,738
Other preference share capital movements	429	-	-	429	429
At 31 December 2015	1,429	3,999,738	(1,249,649)	2,751,518	2,751,518

The notes on pages 17 to 27 form an integral part of these financial statements.

Soldo Ltd

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2016	1,429	3,999,738	(1,249,649)	2,751,518
Loss for the year	-	-	(2,399,941)	(2,399,941)
Total comprehensive income	-	-	(2,399,941)	(2,399,941)
New share capital subscribed	65	-	-	65
At 31 December 2016	1,494	3,999,738	(3,649,590)	351,642

The notes on pages 17 to 27 form an integral part of these financial statements.

Soldo Ltd

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £	Share premium £	Retained earnings £	Total £
Loss for the year	-	-	(1,249,649)	(1,249,649)
Total comprehensive income	-	-	(1,249,649)	(1,249,649)
New share capital subscribed	1,000	3,999,738	-	4,000,738
Other preference share capital movements	429	-	-	429
At 31 December 2015	1,429	3,999,738	(1,249,649)	2,751,518

The notes on pages 17 to 27 form an integral part of these financial statements.

Soldo Ltd

Consolidated Statement of Cash Flows for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Loss for the year		(2,891,177)	(1,249,649)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	166,592	1,808
Finance income	5	(1,434)	(2,469)
Finance costs	5	87,917	2,061
		<u>(2,638,102)</u>	<u>(1,248,249)</u>
Working capital adjustments			
Increase in trade and other receivables	11	(102,492)	(115,117)
Increase in trade and other payables	16	262,121	217,548
Net cash flow from operating activities		<u>(2,478,473)</u>	<u>(1,145,818)</u>
Cash flows from investing activities			
Interest received	5	1,434	2,469
Acquisitions of property plant and equipment		(30,625)	(13,011)
Acquisition of intangible assets	9	<u>(743,626)</u>	<u>(622,854)</u>
Net cash flows from investing activities		<u>(772,817)</u>	<u>(633,396)</u>
Cash flows from financing activities			
Interest paid	5	(82,822)	(227)
Proceeds from issue of ordinary shares, net of issue costs		65	4,001,167
Proceeds from other borrowing draw downs		3,732,819	-
Foreign exchange (gains) / losses	5	<u>(5,095)</u>	<u>(1,834)</u>
Net cash flows from financing activities		<u>3,644,967</u>	<u>3,999,106</u>
Net increase in cash and cash equivalents		393,677	2,219,892
Cash and cash equivalents at 1 January		<u>2,219,892</u>	<u>-</u>
Cash and cash equivalents at 31 December		<u>2,613,569</u>	<u>2,219,892</u>

The notes on pages 17 to 27 form an integral part of these financial statements.

Soldo Ltd

Statement of Cash Flows for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Loss for the year		(2,399,941)	(1,249,649)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	166,592	1,808
Finance income	5	(1,315)	(2,469)
Finance costs	5	86,547	2,061
		(2,148,117)	(1,248,249)
Working capital adjustments			
Increase in trade and other receivables	11	(147,157)	(115,117)
Increase in trade and other payables	16	220,988	217,548
Net cash flow from operating activities		(2,074,286)	(1,145,818)
Cash flows from investing activities			
Interest received	5	1,315	2,469
Acquisition of subsidiaries	10	(1,000,000)	-
Acquisitions of property plant and equipment		(30,625)	(13,011)
Acquisition of intangible assets	9	(743,626)	(622,854)
Net cash flows from investing activities		(1,772,936)	(633,396)
Cash flows from financing activities			
Interest paid	5	(82,822)	(227)
Proceeds from issue of ordinary shares, net of issue costs		65	4,001,167
Proceeds from other borrowing draw downs		3,732,819	-
Foreign exchange (gains) / losses	5	(3,725)	(1,834)
Net cash flows from financing activities		3,646,337	3,999,106
Net (decrease)/increase in cash and cash equivalents		(200,885)	2,219,892
Cash and cash equivalents at 1 January		2,219,892	-
Cash and cash equivalents at 31 December		2,019,007	2,219,892

The notes on pages 17 to 27 form an integral part of these financial statements.

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England and Wales.

The address of its registered office is:

Charles House
108-110 Finchley Road
London
NW3 5JJ

These financial statements were authorised for issue by the Board on 12 September 2017.

2 Accounting policies

Statement of compliance

The group financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRS's").

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

Going concern

The directors have prepared forecasts which cover a period of at least twelve months from the date of approval of these financial statements. These forecasts indicate that the company will have sufficient financial resource to enable it to settle its liabilities as and when they fall due. Accordingly, the directors have prepared these financial statements on a going concern basis.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2016.

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2016 have had a material effect on the financial statements.

None of the standards, interpretations and amendments which are effective for periods beginning after 1 January 2016 and which have not been adopted early, are expected to have a material effect on the financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the group activities.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Computer equipment	straight line over 3 years
Furniture and fittings	straight line over 5 years

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Software developments and licence costs	straight line over 3 years

Investments

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2016 £
Other revenue	<u>27,217</u>

4 Operating profit

Arrived at after charging/(crediting)

	2016 £	2015 £
Depreciation expense	7,624	1,808
Amortisation expense	158,968	-
Operating lease expense - other	<u>17,089</u>	<u>8,127</u>

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016

5 Finance income and costs

	2016 £	2015 £
Finance income		
Interest income on bank deposits	1,434	-
Other finance income	-	2,469
Total finance income	<u>1,434</u>	<u>2,469</u>
Finance costs		
Interest on bank overdrafts and borrowings	(3)	-
Interest expense on other financing liabilities	(82,819)	(227)
Foreign exchange losses	(5,095)	(1,834)
Total finance costs	<u>(87,917)</u>	<u>(2,061)</u>
Net finance (costs)/income	<u>(86,483)</u>	<u>408</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £	2015 £
Wages and salaries	1,138,905	354,496
Social security costs	108,499	39,336
Other short-term employee benefits	40,522	15,752
Pension costs, defined contribution scheme	76,042	-
Other employee expense	23,162	-
	<u>1,387,130</u>	<u>409,584</u>

The above costs exclude the costs of the software development team which have been capitalized (refer to note 9).

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Administration and support	5	2
Research and development	17	10
Sales, marketing and distribution	2	2
Other departments	6	-
	<u>30</u>	<u>14</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016

	2016 £	2015 £
Remuneration	100,840	92,530

8 Property, plant and equipment

Group

	Furniture, fittings and equipment £	Total £
Cost or valuation		
Additions	13,011	13,011
At 31 December 2015	13,011	13,011
At 1 January 2016	13,011	13,011
Additions	30,625	30,625
At 31 December 2016	43,636	43,636
Depreciation		
Charge for year	1,808	1,808
At 31 December 2015	1,808	1,808
At 1 January 2016	1,808	1,808
Charge for the period	7,623	7,623
At 31 December 2016	9,431	9,431
Carrying amount		
At 31 December 2016	34,205	34,205
At 31 December 2015	11,203	11,203

Company

	Furniture, fittings and equipment £	Total £
Cost or valuation		
Additions	13,011	13,011
At 31 December 2015	13,011	13,011
At 1 January 2016	13,011	13,011
Additions	30,625	30,625
At 31 December 2016	43,636	43,636
Depreciation		
Charge for year	1,808	1,808
At 31 December 2015	1,808	1,808

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016

	Furniture, fittings and equipment £	Total £
At 1 January 2016	1,808	1,808
Charge for the period	7,623	7,623
At 31 December 2016	9,431	9,431
Carrying amount		
At 31 December 2016	34,205	34,205
At 31 December 2015	11,203	11,203

9 Intangible assets

Group

	Internally generated software development costs £	Total £
Cost or valuation		
At 1 January 2016	622,854	622,854
Additions	743,626	743,626
At 31 December 2016	1,366,480	1,366,480
Amortisation		
Amortisation charge	158,969	158,969
At 31 December 2016	158,969	158,969
Carrying amount		
At 31 December 2016	1,207,511	1,207,511
At 31 December 2015	622,854	622,854

Company

	Internally generated software development costs £	Total £
Cost or valuation		
At 1 January 2016	622,854	622,854
Additions	743,626	743,626
At 31 December 2016	1,366,480	1,366,480
Amortisation		

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016

	Internally generated software development costs £	Total £
Amortisation charge	158,969	158,969
At 31 December 2016	158,969	158,969
Carrying amount		
At 31 December 2016	1,207,511	1,207,511
At 31 December 2015	622,854	622,854

10 Investments

Group subsidiaries

Details of the group subsidiaries as at 31 December 2016 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2016	2015
Soldo Services Ltd	Financial	Charles House, Finchley Road, London, NW3 5JJ United Kingdom	100%	100%

Summary of the company investments

	2016 £
Investments in subsidiaries	1,000,000
Subsidiaries	£
Cost or valuation	
Additions	1,000,000
At 31 December 2016	1,000,000
Provision	
Carrying amount	
At 31 December 2016	1,000,000

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016

11 Trade and other receivables

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade receivables	52,868	17,016	52,680	17,016
Receivables from related parties	-	-	62,138	-
Prepayments	18,611	16,498	16,898	16,498
Other receivables	146,130	81,603	130,558	81,603
Total current trade and other receivables	217,609	115,117	262,274	115,117

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in the financial instruments note.

The group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment note.

12 Cash and cash equivalents

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Cash on hand	7	2,756	7	2,756
Cash at bank	2,613,562	2,217,136	2,019,000	2,217,136
	2,613,569	2,219,892	2,019,007	2,219,892

Included in cash at bank is an amount of £104,409 (2015: £15,222) for the company and £119,107 (2015: £15,222) for the consolidated which relates to prefunding amounts for trade debtors.

13 Share capital

Allotted, called up and fully paid shares

	31 December 2016		31 December 2015	
	No.	£	No.	£
Ordinary Shares of £0.01 each	106,468	1,065	100,000	1,000
Preference shares of £0.01 each	42,858	429	42,858	429
	149,326	1,493	142,858	1,429

New shares allotted

During the year 6,468 Ordinary shares having an aggregate nominal value of £65 were allotted for an aggregate consideration of £65.

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016

14 Loans and borrowings

	Group 2016 £	Company 2016 £
Current loans and borrowings		
Convertible debt	3,732,819	3,732,819
Group		
Convertible bonds		
Movement in liability		2016 £
Proceeds from issue of convertible bonds		3,650,000
Interest expense		82,819
		<u>3,732,819</u>
Company		
Convertible bonds		
Movement in liability		2016 £
Proceeds from issue of convertible bonds		3,650,000
Interest expense		82,819
		<u>3,732,819</u>

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note.

The group's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment note.

Soldo Ltd

Notes to the Financial Statements for the Year Ended 31 December 2016

15 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £76,042 (2015 - £-).

16 Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade payables	156,516	54,733	144,456	54,733
Accrued expenses	66,884	52,077	55,871	52,077
Social security and other taxes	208,832	89,674	190,585	89,674
Other payables	47,437	21,064	47,624	21,064
	<u>479,669</u>	<u>217,548</u>	<u>438,536</u>	<u>217,548</u>

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note.

The group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk management and impairment note.