Bidstack Limited

Annual Report and Accounts

Registered number 09835625

For the year ended 31 December 2018

COMPANY INFORMATION

DIRECTORS	J Draper F Petruzzelli J McIntosh
REGISTERED NUMBER	09835625
REGISTERED OFFICE	201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT
INDEPENDENT AUDITORS	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
SOLICITORS	Kepstorn Solicitors 7 St James Terrace Kilmacolm Lochwinnoch Road PA13 4HB

Contents

Directors' report

The directors present their report together with the audited financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the company is the provision of native in-game advertising.

Strategic report

For the year ended 31 December 2018 the Company was exempt from preparing a strategic report under section 414B of the Companies Act 2006 relating to small companies.

A full copy of the Annual Report and Accounts including strategic report, of the ultimate parent company (Bidstack Group Plc) can be found at www.bidstackgroup.com/financial-reports.

Results and dividends

The results of the Company for the year ended 31 December 2018 are set out on page 5 and show a loss for the year of £1,093,987 (2017: loss of £465,770). The directors do not recommend the payment of a dividend (2017: £nil).

Directors

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

		Appointed	Resigned
J Draper	Executive	-	-
F Petruzzelli	Executive	19 September 2018	-
J McIntosh	Executive	19 September 2018	-
S Mitchell	Non-Executive	-	19 September 2018
D Payne	Non-Executive	-	19 September 2018
E Penot	Non- Executive	-	19 September 2018

Going concern

The Company's parent Company has indicated its commitment to provide the necessary financial support for a period of not less than 12 months from the date of approval of the financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the Company's financial statements.

Directors' report (continued)

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information.

The directors are not aware of any relevant audit information of which the auditors are unaware.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare annual report and accounts for each financial year. Under that law the directors have prepared the annual report and accounts in accordance with United Kingdom accounting standards, including Financial Reporting Standard 101 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 101'). Under company law the directors must not approve the annual report and accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the statement of comprehensive income of the company for that period. In preparing these annual report and accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

John McIntosh
Director
3 April 2019

Independent auditor's report to the members of Bidstack Limited

Opinion

We have audited the financial statements of Bidstack Limited (the 'Company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity 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 United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion, the financial statements:
• give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); 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 company 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 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.

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.

Opinions 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.

Independent auditor's report to the members of Bidstack Limited (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 in relation to which 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 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 2, 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 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Ian Cliffe (Senior Statutory Auditor)
for and on behalf of Haysmacintyre LLP, Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

Date: 3 April 2019

Statement of comprehensive income
for the year ended 31 December 2018

	Note	Year ended 31 December 2018 £	*Unaudited* Period ended 31 December 2017 £
Revenue		**316,906**	10,034
Cost of sales		**(240,849)**	(101,699)
Gross profit/(loss)		**76,057**	(91,665)
Administrative expenses	5	**(1,219,832)**	(402,642)
Operating (loss)		**(1,143,775)**	(494,307)
Finance income	7	**-**	561
Finance costs	7	**(729)**	-
(Loss) before taxation		**(1,144,504)**	(493,746)
Taxation	8	**50,517**	27,976
(Loss) for the year		**(1,093,987)**	(465,770)
Other comprehensive income			
Total other comprehensive income		**-**	-
Total comprehensive (loss) for the year		**(1,093,987)**	(465,770)

The results reflected above relate to continuing activities.

The notes on pages 8 to 21 form part of these financial statements.

Statement of financial position

as at 31 December 2018

	Note	31 December 2018	*Unaudited* (As restated) 31 December 2017
ASSETS		**£**	£
Non-current assets			
Intangible assets	9	**43,842**	1,562
Property, plant and equipment	10	**15,752**	1,362
Total non-current assets		**59,594**	2,924
Current assets			
Trade and other receivables	11	**679,812**	95,869
Cash and cash equivalents	12	**19,437**	1,661
Total current assets		**699,249**	97,530
Total assets		**758,843**	100,454
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**169**	137
Share premium account	14	**1,515,629**	669,674
Share-based payment reserve	14	**17,435**	17,435
Capital redemption reserve	14	**23**	23
Retained losses	14	**(1,805,707)**	(711,720)
Total equity		**(272,451)**	(24,451)
Current liabilities			
Trade and other payables	13	**1,031,294**	124,905
Total current liabilities		**1,031,294**	124,905
Total equity and liabilities		**758,843**	100,454

These annual report and accounts were approved by the directors on 3 April 2019 and are signed on their behalf by:

John McIntosh
Director

The notes on pages 8 to 21 form part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2018

	Share capital £	Share premium £	Share-based payment reserve £	Capital redemption reserve £	Subscription reserve £	Retained losses £	Total equity £
(As restated)							
Balance as at 1 November 2016	118	170,679	5,586	23	187,000	(245,950)	117,456
Issue of shares	19	498,995	-	-	(187,000)	-	312,014
Share based payments	-	-	11,849	-	-	-	11,849
Loss and total comprehensive income for the year	-	-	-	-	-	(465,770)	(465,770)
Balance as at 31 December 2017	137	669,674	17,435	23	-	(711,720)	(24,451)
Issue of shares	19	445,968	-	-	-	-	445,987
Exercise of convertible loan	13	399,987	-	-	-	-	400,000
Loss and total comprehensive loss for the year	-	-	-	-	-	(1,093,987)	(1,093,987)
Balance as at 31 December 2018	**169**	**1,515,629**	**17,435**	**23**	**-**	**(1,805,707)**	**(272,451)**

The notes on pages 8 to 21 form part of these financial statements.

Notes to the financial statements

1 General information

The company is a private company limited by shares and is incorporated in England. The address of its registered office is 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT.

The registered number of the company is 09835625.

The principal activity of the company is the provision of native in-game advertising.

2 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard FRS101 Reduced disclosure framework. The principal accounting policies adopted in the preparation of financial statements are set out below.

The financial statements have been prepared on a historical cost basis. The presentation currency used is Sterling (£).

Transition to FRS 101

The Company transitioned from FRS 102 to FRS 101 as at 1 January 2017. The policies applied under the Company's previous accounting framework are not materially different to FRS 101 and, as a result, no transitional adjustments were required in equity or profit or loss at the transition date or for the year ended 31 December 2017.

The principal accounting policies outlined below have been applied:

Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 Statement of Cash Flows
- the requirement of IFRS 2 Share Based Payments
- the requirement of IAS 8 requiring the listing of new and revised standards that have not been adopted
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: share capital, PP&E, intangible assets, investment property and biological assets.
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member. Exemption from disclosure of compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity.
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue trading for the foreseeable future.

Revenue recognition

Revenue represents amounts receivable for goods and services provided in the normal course of business, and excludes intragroup sales, Value Added Tax and trade discounts. Revenue comprises:

- Sale of advertising space: the value of goods and services is recognised across the period of use.
- Sale of reseller rights: the value of goods and services is recognised upon agreement.
- Sale of development programmes and content creation: the value of goods and services supplied is recognised on delivery of content and acceptance by the customer.
- Sponsorship income: the value of goods and services is recognised over the time period to which it relates.

Net finance costs

Finance costs comprise interest on bank loans and other interest payable. Interest on bank loans and other interest is charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Finance income comprises interest receivable on loans to related parties. Interest income is recognised in the Statement of Comprehensive Income as it accrues using the effective interest method.

Taxation

Current tax is recognised for the amount of corporation tax payable in respect of taxable profit for the current or past reporting periods using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on initial recognition of a business combination, the tax expense/(income) is presented either in the income statement, other comprehensive income or equity depending on the transaction that resulted in the tax expense/(income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to corporation tax levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Research and Development tax credits are not recognised as receivables until the claims have been submitted and agreed by HMRC.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Company and that its cost can be measured reliably, the asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Amortisation is charged on a straight-line basis through the profit or loss. The rates applicable, which represent the directors' best estimate of the useful economic life, are:

- Website costs – 20% straight line
- Trademarks – straight line over the life of the trademark

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs. Depreciation is provided on all items of property, plant and equipment, so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

- Computer equipment – 33.33% straight line
- Office equipment – 20% straight line

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets

The Company classifies all of its financial assets as loans and other receivables. Financial assets do not comprise of prepayments. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Trade and other payables

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost, using the effective interest method.

Share Capital

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

Notes to the financial statements (continued)

2 Accounting policies (continued)

Share-based payments

Where share options are award to employees, the fair value of the options at the date of grant is charged to the income statement 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.

As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

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 the income statement over the remaining vesting period. Where equity instruments are granted to persons other than employees, the income statement is charged with fair value of goods and services received.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

3 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Notes to the financial statements (continued)

4 Segmental information

During the year ended 31 December 2018 and the period ended 31 December 2017, the Company operated one business segment, that of the provision of native in-game advertising.

Given that there is only one continuing class of business, operating within the UK, no further segmental information has been provided.

5 Loss for the year

	31 December 2018	31 December 2017
	£	£
The loss for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	**3,134**	1,907
Amortisation of intangible assets	**4,407**	503
Equity settled share-based payments	**-**	11,849
Operating lease payments	**82,090**	20,583
Auditors' remuneration	**10,000**	-

6 Employees and directors

Staff costs, including directors, comprise:

	31 December 2018	31 December 2017
	£	£
Wages and salaries	**609,630**	122,506
Social security costs	**66,812**	9,191
Share-based payment expense	**-**	11,849
Other benefits	**88**	-
	676,530	143,546

	2018	2017
Average number of employees in the year, including directors	**7**	7

Notes to the financial statements (continued)

7 Finance costs and finance income

	31 December 2018 £	31 December 2017 £
Other interest receivable	-	561
Total finance income	-	561

	31 December 2018 £	31 December 2017 £
Other interest payable	**729**	-
Total finance costs	**729**	-

8 Taxation

Reconciliation of effective tax rate

Tax assessed for the year is lower than (2017: lower than) the standard rate corporation tax of 19% (2017: 19.25%). The differences are explained below:

	31 December 2018 £	31 December 2017 £
Loss before tax	**(1,144,504)**	(493,746)
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	**(217,456)**	(95,046)
Unrelieved tax losses and other deductions in the period	**13,873**	95,046
Research and development tax credit	**(33,109)**	(27,976)
Expenses not deductible for tax purposes other than goodwill amortisation and impairment	**1,596**	-
Adjustment for prior period	**(5,813)**	-
Adjust closing deferred tax to average rate	**27,302**	-
Adjust opening deferred tax to average rate	**(7,261)**	-
Deferred tax not recognised	**170,350**	-
Other reconciling items	**1**	
Total tax charge	**(50,517)**	(27,976)

The Company has tax losses of approximately £1,004,795 (2017: loss of £366,000) to carry forward against future taxable profits.

No deferred tax asset has been recognised in relation to the trading losses available for offset against future taxable profits. The Company has not recognised deferred tax asset due to there being insufficient evidence of short-term recoverability.

Notes to the financial statements (continued)

9 Intangible assets

	Website costs £	Trademarks £	Total £
Cost			
At 1 November 2016	1,931	-	1,931
Additions	-	520	520
At 31 December 2017	1,931	520	2,451
Amortisation			
At 1 November 2016	386	-	386
Charge	451	52	503
At 31 December 2017	837	52	889
Cost			
At 1 January 2018	1,931	520	2,451
Additions	46,687	-	46,687
At 31 December 2018	48,618	520	49,138
Amortisation			
At 1 January 2018	837	52	889
Charge	4,355	52	4,407
At 31 December 2018	5,192	104	5,296
Net book value			
At 31 December 2018	**43,426**	**416**	**43,842**
At 31 December 2017	1,094	468	1,562

Notes to the financial statements (continued)

10 Property, plant and equipment

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 November 2016	-	4,904	4,904
Additions	-	-	-
At 31 December 2017	-	4,904	4,904
Depreciation			
At 1 November 2016	-	1,635	1,635
Charge	-	1,907	1,907
At 31 December 2017	-	3,542	3,542
Cost			
At 1 January 2018	-	4,904	4,904
Additions	4,819	12,705	17,524
At 31 December 2018	4,819	17,609	22,428
Depreciation			
At 1 January 2018	-	3,542	3,542
Charge	161	2,973	3,134
At 31 December 2018	161	6,515	6,676
Net book value			
At 31 December 2018	**4,658**	**11,094**	**15,752**
At 31 December 2017	-	1,362	1,362

11 Trade and other receivables

	31 December 2018 £	31 December 2017 £
Trade receivables	**380,228**	-
Prepayments and accrued income	**167,769**	6,000
Other receivables	**108,921**	61,893
Corporation tax	**22,894**	27,976
	679,812	95,869

Notes to the financial statements (continued)

12 Cash and cash equivalents

	31 December 2018	31 December 2017
	£	£
Cash and cash equivalents	**19,437**	1,661

13 Trade and other payables

	31 December 2018	31 December 2017
	£	£
Trade payables	**243,248**	39,956
Taxation and social security	**28,976**	31,073
Other payables	**8,793**	49,680
Accruals and deferred income	**31,503**	4,196
Amounts due to Group undertakings	**718,774**	-
	1,031,294	124,905

Notes to the financial statements (continued)

14 Share capital and reserves

Allotted, called up and fully paid

	No. of Shares	Share capital £	Share premium £
At 31 December 2017	13,688,435	137	669,674
Issue of shares	1,905,728	19	445,968
Convertible loan exercise	1,333,333	13	399,987
As at 31 December 2018	**16,927,496**	**169**	**1,515,629**

All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent equal votes at meetings of shareholders.

The following describes the nature and purpose of each reserve within owner's equity:

Share capital: Amount subscribed for shares at nominal value.

Share premium: Amount subscribed for share capital in excess of nominal value, less costs of share issue.

Share-based payment reserve: The share-based payment reserve comprises the cumulative expense representing the extent to which the vesting period of share options has passed and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest.

Capital redemption reserve: The nominal value of shares that have been repurchased by the Company.

Subscription reserve: Represents cash received as a subscription for a specific and imminent share issue but where those shares have not been issued at the period end.

Retained losses: Cumulative realised profits less cumulative realised losses and distributions made, attributable to the equity shareholders of the Company.

Notes to the financial statements (continued)

15 Share-based payment

Options

	2018		2017	
	Number	**Weighted Average Exercise Price**	Number	Weighted Average Exercise Price
Outstanding at the beginning of the year	**2,295,390**	**0.095**	2,180,570	0.086
Granted during the year	**-**	**-**	114,820	0.2632
Forfeited/waived during the year	**(1,662,000)**	**0.087**	-	-
Exercised during the year	**(633,390)**	**0.115**	-	-
Total outstanding	**-**	**-**	2,295,390	0.095
Total exercisable	**-**	**-**	2,295,390	0.095

The 633,833 options granted to Fran Petruzzelli were assigned to the Bidstack Group Plc as part of the Replacement Options agreed on the 18 September 18. These options entitle him to subscribe to ordinary shares of 0.5p each. The options vest on the 1st anniversary from their grant date and expire on the 10th anniversary of the grant date. There were no vesting conditions attached to the grant of the share options. This was in consideration of his surrendering an option, which he held prior to the above grant date, entitling him to subscribe for up to 662,000 A Ordinary Shares in Bidstack Group Plc at an exercise price of 8.256 pence per share.

Details of the option exercises during the year are outlined in note 18.

Notes to the financial statements (continued)

16 Financial Instruments

Credit risk and impairment

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. In order to minimise the risk, the endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the carrying value of its, trade and other receivables and cash and cash equivalents as disclosed in the notes.

The Company does not consider that there is any concentration of risk within either trade or other receivables. The Company seeks to obtain charging orders over the property of trade receivables, where appropriate. The receivables' age analysis is also evaluated on a regular basis for potential doubtful debts, considering historic, current and forward-looking information.

Liquidity risk

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. However, the Company continues to absorb cash in its operations for the time being and management recognises the risk of insufficient cash and capital to carry on its activities and safeguard the Company's ability to continue as a going concern.

The Directors receives cash flow projections on a regular basis, which are monitored regularly. The Board will not commit to material expenditure in respect of its ongoing development programme prior to being satisfied that sufficient funding is available to the Company to finance the planned programmes. Regular reviews will ensure that further steps will be taken to cut additional overheads if necessary.

Notes to the financial statements (continued)

17 Operating lease commitments

	31 December 2018	31 December 2017
	£	£
Within one year	**152,640**	45,784
	152,640	45,784

18 Transactions with other related parties

David Payne, a former Director who served during the year until his resignation, made a gain of £29,954 on options he exercised on 28 August 2018. The options exercised were issued in June 2016 and had an exercise price of 8.256p. As at 31 December 2018, £7,917 (2017: £Nil) was owing to Mr Payne.

Eric Pénot, a former Director who served during the year, until his resignation, made a gain of £29,954 on options he exercised on 4 June 2018. The options exercised were issued in February 2016 and had an exercise price of 8.256p.

Digital Consulting EMP, a Company which is controlled by Eric Pénot, exercised options held and made gain of £4,444 on options he exercised on 4 June 2018. The options exercised were issued in February 2016 and had an exercise price of 26.32p.

Simon Mitchell, a former Director who served during the year until his resignation, made a gain of £52,838 on options he exercised on 4 June 2018. The options exercised were issued in February 2016 and had an exercise price of 8.256p.

At the year-end the Company was due money from Simon Mitchell of £16,308 (2017: £40,000 due from Company) included in director's loan account.

At the year-end the Company was due money from James Draper of £Nil (2017: £19,337) included in director's loan account.

During the year the Company paid £44,687 to Barletta Media, of which Francesco Petruzzelli is a director and shareholder. The invoices are for development work performed and capitalised to the cost of the platform under website costs. All transactions have been conducted at arm's length.

Notes to the financial statements (continued)

19 Ultimate Controlling Party

The Company is wholly owned by Bidstack Group Plc a company incorporated in England and Wales. Bidstack Group Plc is the ultimate parent entity and is listed on the Alternative Investment Market (AIM) of the London stock exchange.

20 Post balance sheet events

There have been no material post balance sheet events.

21 Capital commitments

The Company had capital commitments totalling £nil at the end of the year (2017: £nil).

22 Prior year adjustment

Retained loss of £17,435 in the comparative period was reclassified to share based payment reserve, £23 credit to capital redemption reserve and the corresponding debit to trade and other receivables.