REGISTERED NUMBER: 05696250 (England and Wales)

Reward Gateway (UK) Ltd

Annual Report and Financial Statements

for the Year Ended 30 June 2019

Reward Gateway (UK) Ltd

Contents of the Annual Report and Financial Statements for the Year Ended 30 June 2019

Reward Gateway (UK) Ltd

Annual Report and Financial Statements for the Year Ended 30 June 2019

Officers and Professional Advisers

DIRECTORS:	D A Butler R A Boland E Morii
SECRETARY:	Squire Patton Boggs Secretarial Services Limited
REGISTERED OFFICE:	265 Tottenham Court Road London England W1T 7RQ
REGISTERED NUMBER:	05696250 (England and Wales)
AUDITOR:	Deloitte LLP Statutory Auditor Saltire Court 20 Castle Terrace Edinburgh EH1 2DB

The directors present the Strategic Report for the year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The Company is a subsidiary of RG Engagement Group (the "Group"), which is a leading global player in the employee engagement technology sector. Markets covered include the UK, USA, and Australia, trading under the name Reward Gateway. The Group develops software platforms called SmartHub, for a worldwide client base to allow employers to better connect their organisations to their employees.

The principal activity of the Company in the year under review was the provision of employee engagement technology through its software platform to its customers primarily in Great Britain and Ireland.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company revenue recognition for the resale of vouchers has significantly changed in the year due to align the Company accounting policy with the new accounting standard IFRS 15 'Revenue from Contracts with Customers' as adopted in the Company's parent entity, RG Engagement Group Limited's Consolidated Financial Statements. This resulted in higher revenue and cost of sales compared to prior periods, despite there being no change to the Company business model.

For vouchers where the Company purchases vouchers in advance of identifying a customer are recognised as a "Principal" arrangement and revenue is recognised at the value sold to the customer and cost of sales recognised separately. Revenue for the resale of vouchers was all previously recognised as an "Agent" arrangement and the margin recognised as revenue. For vouchers where a customer order is instantly fulfilled by purchasing a voucher from a third party revenue continues to be recognised under an "Agent" arrangement with the margin recognised as revenue.

Software as a Service ("SaaS") and fee revenue and related cost of sales has been shown separately from the resale of vouchers in the Statement of Comprehensive Income to assist in understanding its constituent parts. Total revenue for the year grew by 35.0% to £133,712,398 (2018 restated: £99,060,942). SaaS and fee revenue grew by 11.4% to £22,562,547 (2018: £20,247,514) and voucher resale revenue grew by 41.0% to £111,149,851 (2018 restated: £78,813,428) due to increased headcount using the platform and targeted marketing and promotions.

The Company achieved gross profit of £25,045,324 (2018 restated: £21,426,682) and a profit for the financial year after taxation of £8,225,828 (2018 restated: 7,609,547).

Adjusted operating profit was £11,813,166 (2018 restated: £10,602,384) growing at 11.4% from the prior period. Adjusted operating profit excludes exceptional items, share based payment charges, amortisation and depreciation.

The Company achieved its aim of significant market growth from the prior year, winning £3,098,710 of annualised new contract revenue. The directors believe that the Company is well positioned to maintain the growth in the UK in the coming years.

Net churn was 5.0% in the period compared to 7.1% in the year ended 30 June 2018. The Directors believe that the bulk of clients at risk of non-renewal have been retained.

The Balance Sheet set out on page 11 of the financial statements demonstrates the Company's financial position.

KEY PERFORMANCE INDICATORS

- Gross transactional value £376,974,541 an increase of £73,076,392 (24.0%) on 2018
- Adjusted operating profit increased 11.4% to £11,813,166 (2018 restated: £10,602,384)
- Customer churn 5% (2018: 7.1%)
- Cash held at year end of £7.1m, a increase of £4.5m (170%) from 2018

Reward Gateway (UK) Ltd

Strategic Report - continued
for the Year Ended 30 June 2019

PRINCIPAL RISKS AND UNCERTAINTIES

The main financial risks arising from the Company's financial instruments are liquidity risk, credit risk, currency risk and industry risk. The directors review and agree policies for managing each of these risks and they are summarised in the Director's report on page 4.

Approved by the Board of Directors and signed on its behalf by:

....
E Morii - Director

Date: ....13\12\19.....................

265 Tottenham Court Road
London
England
W1T 7RQ

The directors present their Annual Report and the audited financial statements of Reward Gateway (UK) Ltd (the "Company") for the year ended 30 June 2019.

RESULTS AND DIVIDENDS

The results for the year are set out on page 10.

The directors do not recommend the payment of dividend (2018: £Nil).

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

D A Butler
R A Boland (appointed 2 July 2018)
G Elliott (resigned on 2 July 2018)
E Morii (appointed 1 August 2019)

GOING CONCERN

The financial statements have been prepared on the going concern basis on the assumption that the Company will continue in operational existence for the foreseeable future. The Company made a profit in the year of £8,225,828 (2018: £7,609,547) and the Balance Sheet showed net assets of £45,169,143 (2018: £36,844,293) as at 30 June 2019.

The Directors have prepared detailed cash flow forecasts which are based on their current expectations of trading prospects. The forecasts have been prepared over a period of 12 months from the date of signing these financial statements, and the directors are confident that the Company will not be in breach of its covenants and will be able to meet its liabilities as they fall due. Accordingly, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

FUTURE OUTLOOK

The Company is well placed to continue to develop according to its business plan, enjoying a broad spread of clients across many sectors, with the majority on long-term contracts. The Company will continue to focus on developing its international expansion, through its related companies within its corporate ownership structure covering the United States, Europe and Australia, whilst exploring the viability of launching into new territories.

The Directors are confident that the Company's forecasts are achievable. The Board is confident of the Company's outlook for 2020.

PRINCIPAL RISKS

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, currency risk and industry risk.

Liquidity risk

The Company seeks to manage liquidity risk by regular cash and bank covenant forecasting. The Company's funding strategy is to ensure a mix of funding sources offering flexibility and cost effectiveness to match the requirements of the Company.

Credit risk

The principal credit risk arises from trade debtors. For the provision of employee benefit services, credit risk is mitigated by adopting a policy of requesting fees at the start of contracts. For the remainder, the Company, manages credit risk by setting and reviewing credit limits on a regular basis in conjunction with debt ageing and collection history.

PRINCIPAL RISKS - continued

Currency risk

The Company is exposed to currency risk on purchases and trade receivables that are denominated in a currency other than the respective functional currencies of the Company or its branches.

The bulk of the Company's trading is done in GBP, however sales are also made in AUD and USD. The Company and its subsidiaries also incur costs in USD, Bulgarian Lev and Macedonian Denar. The Company is therefore subject to a potential foreign exchange risk resulting from movements in the USD/GBP, BGN/GBP and MKD/GBP exchange rates. The Company currently benefits from natural hedge by the weakening of the GBP against all three currencies mentioned.

Industry risk

The Company has a market-leading product in the employee engagement sector, but there is always a risk of new entrants into the market place undercutting its services. The Group continually looks to improve its product offering and services and believe they are in a good position to withstand new entrants, as well as current competitors.

Failure to retain key executives, officers, managers and technical personnel could adversely affect the Company's operating and financial performance.

The Company is an industry leader at employee engagement and believes it has more than sufficient measures to motivate and retain key employees through its offering of a wide range of benefits over its competitors.

The Company believes it is well-placed with its depth of experienced personnel, which would cover the departure of employees and key management.

The Board reviews and agrees policies for managing each of the above risks. The directors are not aware of any other material risks affecting the Company.

OVERSEAS BRANCHES

In 2015, a branch office, Reward Gateway (UK) Ltd Branch, was set up in Plovdiv, Bulgaria as a branch of Reward Gateway (UK) Ltd. The branch was established to service operational and administrative functions to the Company, and has continued to do so in the current year.

RESEARCH AND DEVELOPMENT

The Company continues to invest in creating new products and updating existing products using its inhouse teams in Bulgaria, Macedonia and the UK.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

EQUAL OPPORTUNITIES

The Company is committed to an active equal opportunities policy from recruitment and selection, through training and development, performance reviews and promotion, to retirement. It is the Company's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, ethnic or national origin, disability, age, marital or civil partner status, sexual orientation or religion. All decisions relating to employment practices will be objective, free from bias, and based solely upon work criteria and individual merit.

EMPLOYEES WITH DISABILITIES

It is the Company's policy that people with disabilities should have full and fair consideration for all vacancies. During the year, the Company continued to demonstrate our commitment to interviewing those people, with disabilities who fulfil the minimum criteria, and endeavouring to retain employees in the workforce if they become disabled during employment. We will actively retrain and adjust their environment where possible to allow them to maximise their potential. We continue to work with external organisations to provide workplace opportunities.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms 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 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.

PricewaterhouseCoopers LLP resigned during the year. Deloitte LLP were appointed as auditor during the year and have expressed their willingness to continue in office as auditor. Appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

....

E Morii - Director

Date: ....13\12\19................

265 Tottenham Court Road
London
England
W1T 7RQ

Directors' Responsibilities Statement for the Year Ended 30 June 2019

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 *"The Financial Reporting Standard applicable in the UK and Republic of Ireland"*, 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 the 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;
- state whether applicable United Kingdom Accounting Standards, 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. The Directors 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.

Independent Auditor's Report to the Members of Reward Gateway (UK) Ltd

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Reward Gateway (UK) Ltd ('the Company'):

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 *"The Financial Reporting Standard applicable in the UK and Republic of Ireland"*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *"The Financial Reporting Standard applicable in the UK and Republic of Ireland"* (United Kingdom Generally Accepted Accounting Practice).

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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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 no 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 respect of these matters.

Independent Auditor's Report to the Members of Reward Gateway (UK) Ltd - continued

Report on the audit of the financial statements - continued

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement, 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/auditorsresponsibilities. This description forms part of our Auditor's Report.

Report on other legal and regulatory requirements

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 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.

In the light of the knowledge and understanding of the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception
Under the Companies Act 2006, we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company's 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.

We have nothing to report in respect of these matters.

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.

David Mitchell CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom

Date: 17/12/19.

Reward Gateway (UK) Ltd

Statement of Comprehensive Income For the Year Ended 30 June 2019

	Notes	2019 SaaS and fee revenue £	2019 Voucher resale £	2019 Total £	Restated 2018 SaaS and fee revenue £	Restated 2018 Voucher resale £	Restated 2018 Total £
TURNOVER	3	22,562,547	111,149,851	133,712,398	20,247,514	78,813,428	99,060,942
Cost of sales		(239,306)	(108,427,768)	(108,667,074)	(639,035)	(76,995,225)	(77,634,260)
GROSS PROFIT		22,323,241	2,722,083	25,045,324	19,608,479	1,818,203	21,426,682
Administrative expenses				(15,210,635)			(12,468,454)
Exceptional items	4			(617,115)			(741,276)
OPERATING PROFIT	7			9,217,574			8,216,952
Interest receivable and similar income	10			6,312			2,055
PROFIT BEFORE TAXATION				9,223,886			8,219,007
Tax on profit	11			(998,058)			(609,460)
PROFIT FOR THE FINANCIAL YEAR				8,225,828			7,609,547
OTHER COMPREHENSIVE INCOME							
Foreign currency transaction difference				(66,346)			15,670
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR				8,159,482			7,625,217
Gross transactional value	3			376,974,541			303,898,149

All activities derive from continuing operations.

Reward Gateway (UK) Ltd

Balance Sheet
As at 30 June 2019

	Notes	2019 £	Restated 2018 £
FIXED ASSETS			
Intangible assets	12	3,403,790	2,117,368
Tangible assets	13	440,749	889,917
Investments	14	4,157	4,157
		3,848,696	3,011,442
CURRENT ASSETS			
Stocks	15	3,082,629	966,254
Debtors	16	87,308,228	76,192,534
Cash at bank and in hand		7,098,494	2,625,010
		97,489,351	79,783,798
CREDITORS			
Amounts falling due within one year	17	(56,168,904)	(45,950,947)
NET CURRENT ASSETS		41,320,447	33,832,851
TOTAL ASSETS LESS CURRENT LIABILITIES BEING NET ASSETS		45,169,143	36,844,293
CAPITAL AND RESERVES			
Called-up share capital	19	1,206	1,206
Share premium account	20	10,078	10,078
Foreign exchange reserve	20	119,940	186,286
Capital contribution reserve	20	4,622,889	4,622,889
Profit and loss account	20	40,415,030	32,023,834
TOTAL SHAREHOLDERS' FUNDS		45,169,143	36,844,293

The financial statements of Reward Gateway (UK) Ltd (registered number: 05696250) were approved and authorised for issue by the Board of Directors on 13/12/19 and were signed on its behalf by:

E Morii - Director

Reward Gateway (UK) Ltd

Statement of Changes in Equity
for the Year Ended 30 June 2019

	Note	Called up share capital £	Share premium £	Foreign exchange reserve £
Balance at 1 July 2017		1,206	10,078	170,616
Change in accounting policy	3	-	-	-
Recognition of accruals	25	-	-	-
Restated balance at 1 July 2017		1,206	10,078	170,616
Restated profit for the financial year	25	-	-	-
Foreign exchange currency translation difference		-	-	15,670
Restated total comprehensive income for the financial year		-	-	15,670
Share based payment	5	-	-	-
Balance at 30 June 2018		1,206	10,078	186,286
Profit for the financial year		-	-	-
Foreign exchange currency translation difference		-	-	(66,346)
Total comprehensive income		-	-	(66,346)
Share based payment	5	-	-	-
Balance at 30 June 2019		1,206	10,078	119,940

	Note	Capital contribution reserve £	Restated Profit and loss account £	Restated Total £
Balance at 1 July 2017		4,622,889	24,782,303	29,587,092
Change in accounting policy	3	-	443,897	443,897
Recognition of accruals	25	-	(923,000)	(923,000)
Restated balance at 1 July 2017		4,622,889	24,303,200	29,107,989
Restated profit for the financial year	25	-	7,609,547	7,609,547
Foreign exchange currency translation difference		-	-	15,670
Restated total comprehensive income for the financial year		-	7,609,547	7,625,217
Restated share based payment	5	-	111,087	111,087
Balance at 30 June 2018		4,622,889	32,023,834	36,844,293
Profit for the financial year		-	8,225,828	8,225,828
Foreign exchange currency translation difference		-	-	(66,346)
Total comprehensive income		-	8,225,828	8,159,482
Share based payment	5	-	165,368	165,368
Balance at 30 June 2019		4,622,889	40,415,030	45,169,143

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year unless otherwise disclosed.

General information and basis of accounting
Reward Gateway (UK) Limited is a private company limited by shares registered in England and Wales incorporated in the United Kingdom under the Companies Act 2006 (Company Registration No.05696250). The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 2.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Reward Gateway (UK) Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Reward Gateway (UK) Ltd meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Reward Gateway (UK) Ltd is consolidated in the financial statements of its parent, RG Engagement Group Limited, which may be obtained from the address in note 23. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel and related party transactions.

The company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Going concern
The financial statements have been prepared on the going concern basis on the assumption that the Company will continue in operational existence for the foreseeable future. The Company made a profit in the year of £8,225,828 (2018: £7,609,547) and the Balance Sheet showed net assets of £45,169,143 (2018: £36,844,293) as at 30 June2019.

The Directors have prepared detailed cash flow forecasts which are based on their current expectations of trading prospects. The forecasts have been prepared over a period of 12 months from the date of signing these financial statements, and the directors are confident that the Company will not be in breach of its covenants and will be able to meet its liabilities as they fall due. Accordingly, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Turnover
Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Turnover is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Company's different activities has been met.

Turnover from the provision of Software as a service ("SaaS") and fee revenue is recognised equally over the period the services are delivered to the client.

Turnover from the resale of discounted vouchers is recognised in the period which the voucher have been dispatched to the customer as follows:

- Where the Company purchases vouchers in advance of a customer order revenue is recognised at the purchase price paid by the customer and the cost is recognised in cost of sales for the purchase of the voucher.
- Where the Company has an order from a customer and fulfils the voucher by instantaneously purchasing the voucher from a third party and transferring it to the customer the profit margin generated on these transactions is recognised within revenue.

1. ACCOUNTING POLICIES - continued

Turnover - continued

Change in turnover accounting policy
In the year ended 30 June 2019, the Company applied a new accounting policy to align the entity financial statements with that of the parent entity, RG Engagement Group Limited's Consolidated Financial Statements (the Group). RG Engagement Group Limited adopted IFRS 15 'Revenue from Contracts with Customers' which is effective for an annual period that begins on or after 1 January 2018. Details of the impact of this change in accounting policy have been further described below.

The Company has applied the change in accounting policy in accordance with the fully retrospective approach.

The change in accounting policy has resulted in the following adjustments for each financial statement line item below:

Impact on profit:

	Restated 30 June 2018
Revenue	22,324,078
Increase due to change in agent v principal determination (1)	75,568,523
Cost of sales	897,396
Increase due to change in agent v principal determination (1)	75,568,523
Administrative expenses	12,670,003
Decrease due to commissions recognised (2)	472,098

Impact on assets, liabilities and equity as at 30 June 2017

	As previously reported	Impact of change	As restated
Prepayments and accrued income	1,749,632	443,897	2,193,529
Total effect on net assets	-	443,897	-
Retained earnings	-	443,897	-
Total effect on equity	-	443,897	-

1) Change in agent v principal determination
The majority of volume in the gross transactional value generated by the Company is from the provision of discounted vouchers. This type of transaction is distinct from the Company's core business revenue generated from customer contracts.

The Company has a mixture of relationships with retailers and third-party service providers, depending on the voucher offering. Some offerings require purchasing advanced stock, both physical and electronic. Other offerings require prepayment of credit and some other offerings are delivered by a third party.

1. **ACCOUNTING POLICIES - continued**

Turnover - continued

1) Change in agent v principal determination - continued

On the basis that it did not control the goods or service before it is provided to the customer, under our previous accounting policy applied for the year ended 30 June 2018 and previous periods, the Directors concluded that the Company acted as an agent for each type of voucher transaction. Gross transactional value from the resale of vouchers was therefore recognised at the net value for the year ended 30 June 2018. The adoption of IFRS 15 by the Company's parent entity, RG Engagement Group, has resulted in a change in the requirement to recognise gross transactional value as an agency transaction. The adoption of the new standard has placed greater emphasis on the 'control' element of a transaction. In response to this change in definition, the Directors of the Group considered each type of voucher offering and determined that since the adoption of IFRS 15, the Group act as Principal to the resale of vouchers where the Group are required to purchase advanced stock. This is on the basis that the Group are exposed to the Inventory Risk for these vouchers and can determine the price that the voucher is resold to its members. On balance, under IFRS 15, these factors result in the Group having an element of 'control' over the transaction and therefore is Principal to the arrangement. The Company has adopted the same determination to align the Company accounting policy with that of the Group.

For the year ended 30 June 2019, turnover and cost of sales in the Statement of Other Comprehensive Income is presented on a gross basis for gross transactional value generated from the resale of vouchers where advanced purchase of stock is required. In order to provide meaningful comparative financial information, turnover and cost of sales for the year ended 30 June 2018 has been restated due to this change in agent v principal determination.

2) Recognition of costs to obtain

The adoption of IFRS 15 by the Group has resulted in a change in the recognition of the costs required to obtain a contract. Under the company previous accounting policy, costs of obtaining a contract were expensed as incurred. IFRS 15 requires that incremental costs of obtaining a contract, such as sales commission, are recognised over the period of the contract which was obtained. As such, sales commission which was expensed as incurred under previous guidance, has been recognised as an asset and will be amortised over the life of the contract period.

Interest income

Interest income and expenses are reported on an accrual basis, using the effective interest method.

Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Software licences

Intangible assets such as software licences are recognised on business combinations if they are separately identifiable from the acquired entity or give rise to other contractual or legal rights. Identifiable assets are recognised at their fair value at the acquisition date. The identified intangibles are amortised over the useful economic life of the asset.

1. **ACCOUNTING POLICIES - continued**

Development costs
Expenditure on the research phase of an internal project is recognised as an expense in the period in which it is incurred. Development costs incurred on specific projects are capitalised when all the following conditions are satisfied.

- Completion of the asset is technically feasible so that it will be available for use or sale;
- The Company intends to complete the asset and use or sell it;
- The Company has the ability to use or sell the asset, and the asset will generate probable future economic benefits (over and above cost);
- There are adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred. The cost of an internally generated asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee (other than Director) costs incurred.

Judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. Judgements are based on the information available at the time when costs gre incurred. In addition, all internal activities related to the research and development of new projects are continuously monitored by the Directors.

Impairment of intangible assets
Assets that are subject to amortisation are reviewed for impairment whenever there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated, in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. The Company has not reviewed the intangible assets for impairment in the current period because the assets have been included at their revalued amounts subsequent to an independent valuation carried out during the period.

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

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

The estimated useful lives range as follows:

Software licences	5 years straight line
Development cost	5 years straight line

1. ACCOUNTING POLICIES - continued

Tangible assets
Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Fixtures and fittings	3 years straight line
Office equipment	3 years straight line
Computer equipment	3 years 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.

Impairment of fixed assets and goodwill
Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Investments
Investments in subsidiaries are measured at cost less accumulated impairment.

Stocks
Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Debtors
Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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

1. **ACCOUNTING POLICIES - continued**

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

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 the 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.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

1. ACCOUNTING POLICIES - continued

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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Called up share capital
Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Employee benefits
The Company operates a defined contribution pension plan on behalf of its employees. Amounts contributed are expensed as they fall due. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

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

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

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

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

Operating leases
Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

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

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 July 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

Interest income
Interest income, is recognised in the Statement of Comprehensive Income using the effective interest method.

1. ACCOUNTING POLICIES - continued

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 Balance Sheet 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 Balance Sheet.

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes 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, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1. **ACCOUNTING POLICIES - continued**

Exceptional items

Exceptional items, as disclosed on the face of the Statement of Comprehensive Income, are items which due to their materiality and non-recurring nature have been classified separately in order to draw them to the attention of the reader of the financial statements and to highlight the impact of exceptional items on the results of the Group.

Research and development

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

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

2. **JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements under FRS 102 requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Deferred taxation

Deferred tax assets and liabilities have been recognised which are contingent and dependent upon future trading performance, see note 17.

Development costs

Development costs incurred on specific projects are capitalised when certain conditions are satisfied. Careful judgement by the Directors has been applied when deciding whether the recognition requirements for development costs are met. Judgements are based on the information available at the time of incurring the costs, see note for details of developments costs capitalised in the year.

Agent vs principal

The Company considered its position in relation to the provision of the following three types of transactions which are distinct from its core business turnover generated from customer contracts.

a) Provision of discounted vouchers

This is the majority of the volume of the gross transactional value of the Company. The Company has a mixture of relationships with retailers and third party service providers, depending on the voucher offering. For some offerings, this will require purchasing advanced stock, both physical and electronic. Other offerings require prepayment of credit, and some other offerings are delivered by a third party.

The Directors considered each type of voucher provision, and concluded that there are two arrangements requiring turnover to be recognised in two ways as either "principal" or "agent". Turnover is recognised as principal where the Company has control over the good or service provided by the voucher in advance of dispatch to the customer.

2. **JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued**

a) Provision of discounted vouchers - continued

- Where the Company purchases vouchers in advance of a customer order the Company is in control of good or service that the voucher entitles the holder to and consequently is the "principal" in the transaction. Turnover is recognised at the purchase price paid by the customer and the cost is recognised in cost of sales for the purchase of the voucher.

- Where the Company has an order from a customer and fulfils the voucher by instantaneously purchasing the voucher from a third party and transferring it to the customer the Company does not have control over the good or service and acts as an "agent" in the transaction. The profit margin generated on these transactions is recognised within turnover.

b) Cash back transactions
The Company provides access to certain online retailers which settle their discount in the form of cashback, which the Company receives first and then passes on to the members of the scheme. Cash back affiliations then pay the Company, a bonus amount based on volumes. The Directors have considered this turnover stream and consider the Company as agent given:

- The fulfilment of the initial purchase takes place between the member and the retailer.
- There is a credit risk only in the event that the Company chooses to settle a cashback transaction not received by a retailer.
- This is at the Company's discretion.
- There is no inventory risk.
- The Company passes all cashback received onto the member.
- The Company is affectively paid an agency fee in the form of a commission bonus.

c) Salary sacrifice transactions
The Company operated two material salary sacrifice schemes in the period, namely Cycle to Work and Child Care Vouchers.

The Company considers itself an agent in the provision of Cycle to Work and a principle in the provision of Child Care Vouchers based on the following factors:

Cycle to Work:
- The Company is an agent on behalf of the cycle retailer.
- The Company receives its payment in the form of a discount from the retailer.
- The fulfilment is between the retailer and the member.
- There is no inventory or credit risk.

Childcare vouchers
- The Company operates and fulfils its own CCV scheme.
- There is a limited credit risk if funds are not received from clients prior to releasing the CCV vouchers.
- The Company charges a percentage fee to clients to run the scheme, so has the ability to set the price.

Based on the above, and given that in the vast majority of transactions the Company is considered an agent, the Company has taken the decision to present all the above on a net basis on the face of the Consolidated Statement of Comprehensive Income.

Share based payments
The Company is required to measure the fair value of its share based payments. The fair value is determined using the Black-Scholes method, which requires certain assumptions regarding market value of the shares at grant, the risk-free rate, share price volatility and the expected life of the share based payment. The volatility of the Company's share price has been calculated as the average of similar listed companies over the preceding periods. The risk-free rate used is 0.4% and management, including the Directors, have estimated the expected life of most share based payments to be four years. Share based payments of £165,368 (2018: £111,087) were made in the year.

3. TURNOVER

An analysis of turnover by class of business is given below:

	2019	Restated 2018
	£	£
SaaS and fee revenue	22,562,547	20,247,514
Voucher resale	111,149,851	78,813,428
	133,712,398	99,060,942

An analysis of turnover by geographical market is given below:

	2019	Restated 2018
	£	£
United Kingdom	133,712,398	99,060,942
	133,712,398	99,060,942

Gross transactional value
Gross transactional value represents the provision of core business revenue generated from customer contracts, the provision of discounted vouchers, cash back transactions and salary sacrifice transactions. The metric is an indication of all activity which has been billed by the Company to its clients and vouchers resold through the Company. Gross transactional value from the sale of goods and vouchers is recognised at the net value when significant risks and rewards of ownership of the goods and vouchers have been passed to the buyer, usually on the dispatch of the goods and vouchers. The Company is considered to be an agent for billings of £269,758,913 (2018: £227,928,936) of the total transaction value of £376,974,541 (2018: £303,898,149).

Note 2 further explains the basis for these transactions being recognised on a net basis.

Revenue	107,215,628	75,969,213
Billings and voucher resale for revenue recognised as agency	269,758,913	227,928,936
Gross transactional value	376,974,541	303,898,149

4. EXCEPTIONAL ITEMS

Exceptional items included within acquisition and project costs in the prior year primarily relates to costs, incurred in the investor backed management buy-out by Great Hill Partners. Additional items within 'other' relate to costs incurred one-off professional fees regarding the group restructure and employee severance pay.

	2019	Restated 2018
	£	£
Acquisition and project costs	-	628
Other	617,115	740,648
	617,115	741,276

5. STAFF COSTS

	2019 £	Restated 2018 £
Wages and salaries	8,179,878	7,779,204
Social security costs	1,150,605	971,309
Other pension costs	227,066	164,512
Share based payments	165,368	111,087
	9,722,917	9,026,112

The average number of employees during the year was as follows:

	2019 No.	2018 No.
Administration	48	51
Operations	276	260
	324	311

Staff costs in 2019 are presented net of capitalised salaries of £1,930,625 and also include payroll costs presented within exceptional items of £442,873. The Staff costs for 2018 are net of capitalised salaries of £887,824 and payroll costs presented within exceptional items of £451,708.

6. DIRECTORS' REMUNERATION

	2019 £	2018 £
Aggregate directors' emoluments	222,641	494,428
Company contributions to pension schemes	7,500	14,000
	230,141	508,428

The Directors' received total remuneration of £402,130 from the Group during the year (2018: £595,710), but it is not practicable to allocate this between their services as executives of each Company within the Group.

During the year, retirement benefits were accruing to 1 director (2018: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £153,382 (2018: £176,030).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,500 (2018: £7,500).

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Foreign exchange differences	(4,261)	(391,283)
Operating leases	25,182	18,404
Depreciation of tangible fixed assets	757,380	797,415
Amortisation of intangible assets	1,055,729	735,654

8. ADJUSTED OPERATING PROFIT

	2019	2018
	£	£
Adjusted operating profit	11,813,166	10,602,384
Share based payments	(165,368)	(111,087)
Exceptionals	(617,115)	(714,267)
EBITDA	11,030,683	9,750,021
Amortisation	(1,055,729)	(734,654)
Depreciation	(757,380)	(797,415)
Operating profit	9,217,574	8,216,952

9. AUDITOR'S REMUNERATION

Fees payable for the audit of the financial statements of £42,714 (2018: Previous auditor's £42,000) and non-audit services of £2,500 (2018: previous auditor's £26,000) are borne by RG Engagement Group 5 Limited, a fellow group company. These fees are not recharged to the Company.

10. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£	£
Other interest receivable	6,312	2,055

11. TAX ON PROFIT

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
UK Corporation tax	1,010,346	-
Other	(22,094)	-
Double taxation relief	(64,786)	-
Foreign taxation	64,786	-
Adjustments in respect of prior years	(154,323)	(206,396)
Total current tax	833,929	(206,396)
Deferred tax:		
Current year	67,577	(80,669)
Effect of changes in tax rates	-	8,491
Adjustments in respect of prior year	96,552	888,034
Total deferred tax	164,129	815,856
Total tax	998,058	609,460

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK.

	2019 £	2018 £
Profit before tax	9,223,886	8,219,007
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	1,752,538	1,561,611
Effects of:		
Expenses not deductible for tax purposes	132,176	310,187
Adjustments to tax charge in respect of previous periods	(57,772)	681,638
Tax rate changes	-	3,491
Group relief surrendered/(claimed)	(780,956)	(1,447,958)
Effects of overseas tax rates	-	(499,509)
R&D expenditure credits	(47,928)	-
Total tax charge for the year	998,058	609,460

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with a rate of 20% applying from 1 April 2015, 19% applying from 1 April 2017 and 17% applying from 1 April 2020. All these rates have been substantively enacted at the year end and therefore taken into account when calculating the tax position of the Company, and the deferred tax assets and liabilities included within these financial statements have been calculated using these rates based on when the deferred tax timing differences are expected to materially reverse.

12. INTANGIBLE ASSETS

	Software equipment £	Development cost £	Total £
COST			
At 1 July 2018	423,121	4,686,738	5,109,859
Additions	23,341	2,302,589	2,325,930
Exchange differences	104	35,325	35,429
At 30 June 2019	446,566	7,024,652	7,471,218
AMORTISATION			
At 1 July 2018	398,776	2,593,715	2,992,491
Amortisation for year	11,598	1,044,131	1,055,729
Exchange differences	1,949	17,259	19,208
At 30 June 2019	412,323	3,655,105	4,067,428
NET BOOK VALUE			
At 30 June 2019	34,243	3,369,547	3,403,790
At 30 June 2018	24,345	2,093,023	2,117,368

13. TANGIBLE ASSETS

	Computer equipment £	Fixtures and fittings £	Office equipment £	Total £
COST				
At 1 July 2018	1,020,169	1,470,580	453,093	2,943,842
Additions	224,617	61,922	18,410	304,949
Disposals	(9,958)	-	(726)	(10,684)
Exchange differences	5,350	2,658	1,025	9,033
At 30 June 2019	1,240,178	1,535,160	471,802	3,247,140
DEPRECIATION				
At 1 July 2018	738,842	981,559	333,524	2,053,925
Charge for year	203,663	446,909	106,808	757,380
Eliminated on disposal	(9,958)	-	(726)	(10,684)
Exchange differences	3,206	1,508	1,056	5,770
At 30 June 2019	935,753	1,429,976	440,662	2,806,391
NET BOOK VALUE				
At 30 June 2019	304,425	105,184	31,140	440,749
At 30 June 2018	281,327	489,021	119,569	889,917

Depreciation expenses of £757,380 (2018: £797,415) is included within 'administrative expenses'.

14. INVESTMENTS

	Investments in subsidiary companies £
COST	
At 1 July 2018 and 30 June 2019	4,157
NET BOOK VALUE	
At 30 June 2019	4,157
At 30 June 2018	4,157

Subsidiary undertakings
The following were subsidiary undertakings of the Company.

Name	Class of shares	Holding	Principal activity
Reward Gateway DOOEL Skopje	Ordinary	100%	Provision of employee benefit schemes

Registered office
23 Oktomvri Str. no. 11A, Skopje

The company has a branch in Bulgaria trading as Reward Gateway Bulgaria.

Reward Gateway DOOEL Skopje was dissolved on 4 October 2019.

15. STOCKS

	2019 £	2018 £
Finished goods and goods for resale	3,082,629	966,254

There is no material difference between the replacement cost of stocks and the amounts stated above.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	Restated 2018 £
Trade debtors	10,894,075	8,747,514
Amounts owed by group undertakings	72,231,894	63,563,280
Other debtors	1,030,635	217,861
Corporation tax recoverable	-	914,584
Deferred taxation	-	84,855
Accrued income	1,104,411	952,047
Prepayments	2,047,213	1,712,393
	87,308,228	76,192,534

16. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

All trade receivable amounts are short term. All of the Company's trade and other receivables have been reviewed for indicators of impairment and, where necessary, a provision for impairment provided. The carrying value is considered a fair approximation of their fair value. The Company's management considers that all the above financial assets that are not impaired or past due are of good credit quality, as such no provision has been made against the trade receivable balance.

Amounts owed by group undertakings are interest free due on demand and unsecured.

17. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £	Restated 2018 £
Trade creditors	34,690,416	29,123,506
Amounts owed to group undertakings	5,875,324	3,281,280
Other taxation and social security	2,038,327	1,059,512
Other creditors	137,435	225,986
Accruals	4,693,716	3,936,662
Deferred income	8,640,066	8,324,001
Corporation tax	14,346	-
Deferred tax	79,274	-
	56,168,904	45,950,947

All amounts are short term. The Directors consider that the carrying value of trade and other payables to be a reasonable approximation of fair value.

Amounts owed to group undertakings are interest free, repayable on demand and unsecured.

18. **DEFERRED TAXATION**

	2019 £
At beginning of year	84,855
Deferred tax charge to profit for the period	(164,129)
Adjustment in respect of prior years	-
At end of year	(79,274)

The deferred tax (liability)/asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(79,274)	83,044
Origination and reversal of timing differences	-	1,811
	(79,274)	84,855

19. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
120,553	Ordinary shares	£0.01 each	1,206	1,206

20. RESERVES

Capital contribution reserve
The capital contribution reserve represents contribution received from shareholders that have been recognised directly in equity.

Share premium account
Share premium represents the amount subscribed for share capital in excess of the nominal value.

Foreign exchange reserve
Foreign exchange reserve includes exchange differences arising on translation of foreign operations in accordance with FRS 102.

Profit and loss account
The profit and loss account represents the accumulated profits, losses and distributions of the Company.

21. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £227,067 (2018: £164,512).

22. COMMITMENTS UNDER OPERATING LEASES

At 30 June the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	472,772	487,622
Later than 1 year and not later than 5 years	70,687	1,546,848
Later than 5 years	-	825,825
	543,459	2,860,295

23. RELATED PARTY TRANSACTIONS

The Company is taking advantage of the exemptions in FRS 102, not to disclose transactions with other wholly owned entities within the Group as it is 100% owned and the financial statements of the Group are publicly available.

D A Butler, a US national and Director of the Company, has a balance due to the Company of £58,792 (2018: £nil) for UK payroll taxes paid on his behalf. This balance will be settled in the year ended 30 June 2020.

24. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Asperity Employee Benefits Group Limited, which is a company incorporated in England and Wales. The largest and smallest level at which the results of this company are consolidated is that headed by RG Engagement Group Limited. Copies of the consolidated financial statements of RG Engagement Group Limited can be obtained from 265 Tottenham Court Road, London, W1T 7RQ.

The ultimate controlling party is RG Investment Holding L.P.

25. PRIOR YEAR ADJUSTMENT

The prior year financial statements have been restated to correctly record cost of sales within the profit and loss account. The share based payment expense (2018: £400,919) has been reclassified from exceptional items to administrative expenses. The prior year share based payment charge has been restated as the 2018 expense was not valued correctly.

The impact on the lines affected in the profit and loss account is shown below:

	Previously reported	Adjustment	Restated (pre change) in accounting policy
	£	£	£
Turnover	22,324,078	1,168,342	23,492,420
Cost of sales	(897,396)	(1,168,342)	(2,065,738)
Operating expenses	(12,670,003)	(111,087)	(12,781,090)
Exceptional items	(1,142,195)	400,919	(741,276)
Total comprehensive income	7,022,749	289,832	7,312,581

Retained earnings as at 30 June 2017 are restated to account for an accrual of £923,000 in the year to 30 June 2017.