

Registered number: 07014587

CROWDCUBE LIMITED

CONSOLIDATED AND COMPANY ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020



CROWDCUBE LIMITED

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CROWDCUBE LIMITED

COMPANY INFORMATION

Directors	D M Westlake T B Bunting L J Lang S J Williams W T A Simmons J N H Sibilia
Company secretary	M Tyler
Registered number	07014587
Registered office	Fourth Floor Broadwalk House (South Block) Exeter Devon EX1 1TS
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 2 Glass Wharf Bristol BS2 0FR

CROWDCUBE LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present the Strategic Report for Crowdcube Limited (the "Company") and its subsidiary undertakings (together the "Group") for the year ended 30 September 2020.

Business review

The principal activity of the Group is the provision of a crowdfunding platform. During the year the Group delivered a 4% increase in turnover, whilst minimising cost increases and navigating the ongoing COVID-19 pandemic.

The Group has slowed large scale investment into product development and hiring during the year, directly as a result of COVID-19. However, The Group made an operating loss for the year of £3,023,577 compared to an operating loss of £2,625,551 in the prior year, a 15% increase on the prior year loss which is modest given the challenging market conditions.

Cost of Sales increased by 5% in the year, however Gross Profit margins remained relatively consistent at 60%.

At the Balance Sheet date the Group's net cash position was £5,780,147 (2019: £7,908,853).

On 2 October 2020 the Company and Group entered into an agreement to acquire all the outstanding share capital of Seedrs Limited. The proposed merger was announced on 5 October 2020 but following the provisional findings of the Competition and Markets Authority, the Company and Group abandoned the plans for the merger.

Principal risks and uncertainties

Competition risk

The Group operates in a competitive market and faces competition from both other crowdfunding platforms and other sources of finance in attracting potential issuers to the platform. The Group continuously monitors publicly available information relating to competitors in order to analyse competitors fees and clients. The Group also ensures transparency in their services and fees as well as ensuring positive promotion of its activities within the market to help mitigate this risk.

Brexit risk

Brexit, and the subsequent trade negotiations with the EU, could have a negative impact on the Group. The Group currently does not believe this presents a material risk due to a high concentration of business within the UK. The Group does not rely on passporting rules and our Spanish subsidiary is independently regulated within the EEA. The Group will continue to monitor Brexit details closely and consider the need for additional plans throughout the year.

Regulatory risk

Crowdcube Capital Limited is regulated by the Financial Conduct Authority in the UK and Crowdcube Spain, S.L, is regulated by National Securities Markets Commission in Spain. The withdrawal of regulatory authorisations, or the transfer of regulatory oversight to a new regulatory, could require the Group to cease or modify a significant part of its operations. The Group has a dedicated regulatory team to ensure all regulations are complied with and that the Group can quickly adapt to any changes in the regulator environment if necessary.

COVID-19

COVID-19 continues to present a commercial risk to the Group in terms of both demand and sector focus. However, the Group is actively managing a shift in focus and value proposition to better support clients which remain resilient to periodic local and national restrictions. Equally, the Group continues to monitor and participate in government support programmes where relevant.

CROWDCUBE LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

Employees

The Group is committed to the involvement of all employees in the business. Directors are measured closely on the Group's performance targets. Performance information is shared throughout the teams.

Employment of disabled persons

The Group considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Group continues.

Equal opportunities

The Group is an equal opportunities employer. Its policy is to ensure that all employees are treated with the same respect and consideration regarding sex, age, colour, disability, nationality or ethnic origin. The Group's policy is to provide training, career development and opportunities for promotion.

Environmental matters

The Group recognises the importance of its environmental responsibilities and designs and implements policies to reduce any damage that might be caused by the Group's activities. Initiatives designed to minimise the Group's net impact on the environment include recycling and reducing energy consumption.

Financial key performance indicators

The directors and management team receive a wide range of management information including comparative against budget and the previous period. The principal measures that are reviewed are:

- Revenue of £7,969,993 (2019: £7,685,456)
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of a loss of £2,870,233 (2019: £2,470,451)
- Operating cash flows and cash position of £2,118,254 outflow and £5,780,147 cash balance respectively (2019: £2,184,804 outflow and £7,908,853 cash balance)

EBITDA reconciles to loss for the financial year as follows:

	2020	2019
	£	£
Loss for the financial year	(3,023,577)	(2,625,551)
Amortisation of intangible assets	93,809	93,809
Depreciation of tangible assets	59,535	61,291
Interest expense	-	-
EBITDA loss	<u>(2,870,233)</u>	<u>(2,470,451)</u>

Other KPIs monitored by the board are:

- Number and value of deals launched
- Success rates - the percentage of deals launched which reach their target raise amount
- Value of investment through the platform
- No. of active members and investors

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Section 172 (1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters:

- to the likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the Company.

The following sections summarise how the directors fulfil the above duties:

Business Relationships and Standards

Our strategy continues to be focused on building long term, sustainable relationships with both our SME clients and platform investors. We seek to promote repeat business in the form of returning raises and multiple on platform investments. In order to support this ambition we continually seek to optimise both our technology and processes through regular review, development and customer feedback. The Group maintains close and collaborative relationships with key suppliers, primarily our CRM, cloud hosting and payment processing partners through deep and exclusive product integrations.

Specific actions include:

- Customer satisfaction surveys are sent to all successful fundraising companies to obtain feedback on quality of service, opportunities for improvement and overall experience.
- Embedded feedback tools are used to gain insights into all aspects of the investor journey and overall product experience and customer satisfaction.
- New product features are regularly released including a redesign of the investor portfolio, improved exports for investor tax returns, enhanced company trading status, apple authorisation and email preference centre to name a few.

Risk Management

As the Group operates two regulated subsidiaries, particular attention is paid to both regulatory and market risk. All strategic and long term decision making is considered within this wider context as noted within the 'Principal Risks and uncertainties' sections of the Strategic Report.

Specific actions include:

- Approximately 2 weeks before each board meeting (every 2 months), the Head of Compliance and General Counsel meet to review: the draft risk register, the current breach register and the current complaint register. Existing risks are discussed and revised as necessary, new risks included and any material items from the breach or complaints register noted. Process also includes input from CFO and VP Finance, where required. Risk register circulated with board pack and discussed and noted at each board meeting.
- Membership is maintained within two leading industry associations, the UK Crowdfunding Association and the European Crowdfunding Network. These groups provide a forum for outlining best practices, sharing knowledge and promoting greater transparency across the wider market.
- Each year an annual review of client asset and fund procedures is reported to the directors along with the completion of the Internal Capital Adequacy Assessment Process (ICAAP) and associated risk assessments.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Section 172 (1) statement (continued)

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term;
- b. the need to foster the Company's business relationships with suppliers, customers and others; and
- c. the desirability of the Company maintaining a reputation for high standards of business conduct.

Employees

Employee engagement and support continues to be a top priority within Crowdcube. This covers all areas from employee benefits, progression, mental wellbeing, diversity & inclusion (D&I) as well as learning and development.

Specific actions include:

- Dedicated personal and professional development platform, "Sunlight" and annual £1,000 per employee budget.
- In house trained mental well being first aiders and 3rd party support.
- D&I initiatives and regular company updates championed by our CEO.
- Monthly team meetings with regular updates on company performance, product development, new hires and deal pipeline.
- Private medical insurance, company matched pension and participation in the "Cycle to Work Scheme".

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



D M Westlake
Director

Date: **26** May 2021

CROWDCUBE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors of the Company present their annual report and the audited financial statements of Crowdcube Limited (the "Company") and its subsidiary undertakings (together the "Group") for the year ended 30 September 2020.

Results and dividends

The loss for the financial year amounted to £3,023,577 (2019: £2,625,551).

No dividends were paid during the year (2019: £Nil) and the directors do not recommend any payment of dividends in respect of the year.

Directors

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

D M Westlake
T B Bunting
L J Lang
S J Williams
W T A Simmons
J N H Sibilia

Going concern

The Group has £5.8m of cash held on the Balance Sheet as at 30 September 2020 and based on forecast performance this will enable the Group to meet its liabilities as they fall due for at least 12 months following the date of signing the financial statements as well as allowing continued investment.

While COVID-19 continues to impact long-term strategic decision making, the Group remains confident in its ability to continue to drive efficient revenue growth and prudent cash management in 2021.

Section 172 (1) statement

All section 172 disclosures that are required to be made in the Directors' Report have been included in the Strategic Report on pages 4 and 5.

Future developments

The Company and its subsidiaries remains focused on capturing market share in the equity funding market in the UK and is expecting stronger revenue growth in the financial year ended 30 September 2021 in a post COVID-19 trading environment.

Market Risk

The Group currently operates in a competitive and diverse equity financing market including crowdfunding platforms, angel networks, and traditional institutional investors. While this remains a competitive environment, the Group continues to deliver revenue growth through overall market growth as well as increased market share.

Financial risk management

There is little credit risk as the majority of funds due to the Group are collected at source on completion of successful deals. Where credit risk does arise the Group has active credit control procedures in place.

With regard to liquidity risk the Group actively manages cash and prepares rolling cash flow forecasts covering the next 12 months which are updated on a monthly basis. The Group maintains an appropriate level of cash to settle all financial obligations as they fall due and to meet planned activities.

CROWDCUBE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

Qualifying third party indemnity provisions

The directors benefit from a third party qualifying indemnity provision provided through Directors' and Officers' insurance which covers both the Group and the Company. The policy was in place during the year and at the date of the signing of the financial statements.

Directors' responsibilities statement

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 Group and the Company and of the profit or loss of the Group 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, comprising FRS 102, 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

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

Post balance sheet events

On 2 October 2020 the Company and Group entered into an agreement to acquire all the outstanding share capital of Seedrs Limited. The proposed merger was announced on 5 October 2020 but following the provisional findings of the Competition and Markets Authority, the Company and Group abandoned the plans for the merger.

CROWDCUBE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

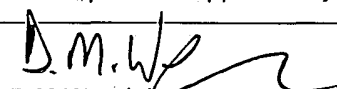
Independent auditors

Under section 487(2) of the Companies Act 2006, an independent auditor will be appointed 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier. However, once all 2020 year end audits for the Group have been completed, the Company has voluntarily elected to begin a tender process to identify and appoint an independent auditor, which may be a different firm.

Offices Outside the UK

The Group operates an office in Spain which is regulated by the National Securities Markets Commission.

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



D M Westlake
Director

Date: 26 May 2021

Report on the audit of the financial statements

Opinion

In our opinion, Crowdcube Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 30 September 2020 and of the Group's loss and cash flows for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Consolidated and Company Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 30 September 2020; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and 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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROWDCUBE LIMITED (CONTINUED)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 30 September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

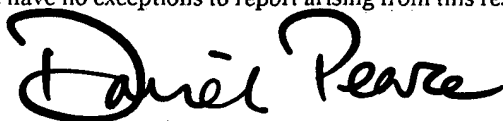
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Daniel Pearce (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
Date: 26 May 2021

CROWDCUBE LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
Turnover	5	7,969,993	7,685,456
Cost of sales		(3,156,339)	(3,007,204)
Gross profit		4,813,654	4,678,252
Administrative expenses		(8,205,405)	(7,303,803)
Other operating income	6	368,174	-
Loss before tax	7	(3,023,577)	(2,625,551)
Tax on loss	12	-	-
Loss for the financial year		(3,023,577)	(2,625,551)
Movement on foreign exchange		(51,316)	(22,199)
Other comprehensive expense for the financial year		(51,316)	(22,199)
Total comprehensive expense for the financial year		(3,074,893)	(2,647,750)
Loss for the financial year attributable to:			
Owners of the parent Company		(3,023,577)	(2,625,551)
Total comprehensive expense for the financial year attributable to:			
Owners of the parent Company		(3,074,893)	(2,647,750)

The notes on pages 19 to 40 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	1,008,778	1,099,605
Tangible assets	14	245,661	285,674
		<u>1,254,439</u>	<u>1,385,279</u>
Current assets			
Debtors: amounts falling due after more than one year	16	-	16,667
Debtors: amounts falling due within one year	16	1,477,406	1,635,648
Investments	17	21,735	19,487
Cash at bank and in hand	18	5,780,147	7,908,853
		<u>7,279,288</u>	<u>9,580,655</u>
Creditors: amounts falling due within one year	19	(945,581)	(1,105,898)
Net current assets		<u>6,333,707</u>	<u>8,474,757</u>
Total assets less current liabilities		<u>7,588,146</u>	<u>9,860,036</u>
Capital and reserves			
Called up share capital	21	261,547	261,334
Share premium account	22	30,905,595	30,891,508
Foreign exchange reserve	22	(59,145)	(7,829)
Share-based payment reserve	22	2,604,556	1,815,853
Profit and loss account	22	(26,124,407)	(23,100,830)
Total shareholders' funds		<u>7,588,146</u>	<u>9,860,036</u>

The financial statements on pages 12 to 40 were approved and authorised for issue by the board and were signed on its behalf by:



D M Westlake
Director

Date: 26 May 2021

The notes on pages 19 to 40 form part of these financial statements.

CROWDCUBE LIMITED
REGISTERED NUMBER: 07014587

COMPANY BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	1,016,100	1,007,500
Tangible assets	14	241,394	279,472
Investments	15	3,158,098	3,023,098
		<u>4,415,592</u>	<u>4,310,070</u>
Current assets			
Debtors: amounts falling due after more than one year	16	-	16,667
Debtors: amounts falling due within one year	16	1,698,228	1,842,463
Investments	17	17,933	15,758
Cash at bank and in hand	18	3,221,842	5,760,491
		<u>4,938,003</u>	<u>7,635,379</u>
Creditors: amounts falling due within one year	19	(832,368)	(1,076,910)
Net current assets		<u>4,105,635</u>	<u>6,558,469</u>
Total assets less current liabilities		<u>8,521,227</u>	<u>10,868,539</u>
Capital and reserves			
Called up share capital	21	261,547	261,334
Share premium account	22	30,905,595	30,891,508
Share-based payment reserve	22	2,604,556	1,815,853
Profit and loss account brought forward		(22,100,156)	(19,556,360)
Loss for the year		(3,150,315)	(2,543,796)
Profit and loss account carried forward	22	(25,250,471)	(22,100,156)
Total shareholders' funds		<u>8,521,227</u>	<u>10,868,539</u>

The financial statements on pages 12 to 40 were approved and authorised for issue by the board and were signed on its behalf by:



D M Westlake
Director

Date: 26 May 2021

The notes on Pages 19 to 40 form part of these financial statements.

CROWDCUBE LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Share- based payment reserve £	Profit and loss account £	Total shareholders' funds £
At 1 October 2019	261,334	30,891,508	(7,829)	1,815,853	(23,100,830)	9,860,036
Comprehensive expense for the financial year						
Loss for the financial year	-	-	-	-	(3,023,577)	(3,023,577)
Movement in foreign exchange	-	-	(51,316)	-	-	(51,316)
Other comprehensive expense for the financial year	-	-	(51,316)	-	-	(51,316)
Total comprehensive expense for the financial year	-	-	(51,316)	-	(3,023,577)	(3,074,893)
Contributions by and distributions to owners						
Shares issued during the financial year	213	14,087	-	-	-	14,300
Share-based payment	-	-	-	788,703	-	788,703
Total transactions with owners	213	14,087	-	788,703	-	803,003
At 30 September 2020	261,547	30,905,595	(59,145)	2,604,556	(26,124,407)	7,588,146

The notes on pages 19 to 40 form part of these financial statements.

CROWDCUBE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Share- based payment reserve £	Profit and loss account £	Total shareholders' funds £
At 1 October 2018	228,394	22,013,316	14,370	1,323,554	(20,475,279)	3,104,355
Comprehensive expense for the financial year						
Loss for the financial year	-	-	-	-	(2,625,551)	(2,625,551)
Movement in foreign exchange	-	-	(22,199)	-	-	(22,199)
Other comprehensive expense for the financial year	-	-	(22,199)	-	-	(22,199)
Total comprehensive expense for the financial year	-	-	(22,199)	-	(2,625,551)	(2,647,750)
Contributions by and distributions to owners						
Shares issued during the financial year	32,940	8,878,192	-	-	-	8,911,132
Share-based payment	-	-	-	492,299	-	492,299
Total transactions with owners	32,940	8,878,192	-	492,299	-	9,403,431
At 30 September 2019	261,334	30,891,508	(7,829)	1,815,853	(23,100,830)	9,860,036

The notes on pages 19 to 40 form part of these financial statements.

CROWDCUBE LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital £	Share premium account £	Share-based payment reserve £	Profit and loss account £	Total shareholders' funds £
At 1 October 2018	228,394	22,013,316	1,323,554	(19,556,360)	4,008,904
Comprehensive expense for the financial year					
Loss for the financial year	-	-	-	(2,543,796)	(2,543,796)
Total comprehensive expense for the financial year	-	-	-	(2,543,796)	(2,543,796)
Contributions by and distributions to owners					
Shares issued during the financial year	32,940	8,878,192	-	-	8,911,132
Share-based payment	-	-	492,299	-	492,299
Total transactions with owners	32,940	8,878,192	492,299	-	9,403,431
At 30 September 2019 and 1 October 2019	261,334	30,891,508	1,815,853	(22,100,156)	10,868,539
Comprehensive expense for the financial year					
Loss for the financial year	-	-	-	(3,150,315)	(3,150,315)
Total comprehensive expense for the financial year	-	-	-	(3,150,315)	(3,150,315)
Contributions by and distributions to owners					
Shares issued during the financial year	213	14,087	-	-	14,300
Share-based payment	-	-	788,703	-	788,703
Total transactions with owners	213	14,087	788,703	-	803,003
At 30 September 2020	261,547	30,905,595	2,604,556	(25,250,471)	8,521,227

The notes on pages 19 to 40 form part of these financial statements.

CROWDCUBE LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	(3,023,577)	(2,625,551)
Adjustments for:		
Amortisation of intangible assets	93,809	93,809
Depreciation of tangible assets	59,535	61,291
Decrease/(increase) in debtors	158,258	(487,376)
Decrease in amounts owed by associates	16,667	75,000
(Decrease)/increase in creditors	(164,285)	227,923
Increase in amounts owed to groups	3,952	-
Share-based payment charge	788,703	492,299
Unrealised currency translation	(51,316)	(22,199)
Net cash used in operating activities	<u>(2,118,254)</u>	<u>(2,184,804)</u>
Cash flows from investing activities		
Purchase of intangible assets	(2,982)	-
Purchase of tangible assets	(19,522)	(64,049)
Purchase of short term unlisted investments	(2,248)	(1,977)
Net cash generated used in investing activities	<u>(24,752)</u>	<u>(66,026)</u>
Cash flows from financing activities		
Issue of ordinary shares	14,300	7,917,898
Net cash generated from financing activities	<u>14,300</u>	<u>7,917,898</u>
Net (decrease)/increase in cash and cash equivalents	<u>(2,128,706)</u>	5,667,068
Cash and cash equivalents at beginning of financial year	7,908,853	2,241,785
Cash and cash equivalents at the end of financial year	<u><u>5,780,147</u></u>	<u><u>7,908,853</u></u>
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	<u><u>5,780,147</u></u>	<u><u>7,908,853</u></u>

The notes on pages 19 to 40 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

1. General information

Crowdcube Limited (the "Company") is a private company limited by shares incorporated and domiciled in England, UK. The address of the registered office is: Fourth Floor, Broadwalk House (South Block), Exeter, Devon, EX1 1TS. The principal activity of the Company and its subsidiaries (collectively, the "Group") is the provision of a crowdfunding platform.

The principal activity of the Group is the provision of a crowdfunding platform.

2. Statement of compliance

The Group and Company financial statements of Crowdcube Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group accounting policies (see note 4).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The Company has taken advantage of the exemption under FRS 102 from preparing a Statement of Cash Flows on the basis that it is a qualifying entity and the Consolidated Statement of Cash Flows, included in these financial statements, includes the Company's cash flows.

Where FRS 102 disclosures are claimed for the Company financial statements, the equivalent group disclosures are included in the consolidated financial statements that are included in within these financial statements.

The following principal accounting policies have been applied consistently throughout the year:

3.2 Going concern

The Group has £5.8m of cash held on the Balance Sheet as at 30 September 2020 and based on forecast performance this will enable the Group to meet its liabilities as they fall due for at least 12 months following the date of signing the financial statements as well as allowing continued investment.

While COVID-19 continues to impact long-term strategic decision making, the Group remains confident in its ability to continue to drive efficient revenue growth and prudent cash management in 2021.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. Accounting policies (continued)

3.3 Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of associates made up to 30 September 2020. Where the financial year end of individual entities is not 30 September 2020, the results and position of those entities are consolidated as if they have a common year end with the group.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Group holds a long-term interest and where the Group has significant influence. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3.4 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated financial statements, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. Accounting policies (continued)

3.5 Turnover

Turnover is comprised of Commission fees, Completions Fees and Investment Fees. Commission fees and completions fees are payable by the raising company and deducted from funds raised during the closing of the round. Investment fees are paid by the investors and reflect an additional fee on top of the pledged investment sum. These fees are similarly taken at source during the completions and draw down process.

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

For all three revenue streams, turnover is recognised once the funding requirement of a raise has been achieved, following a 7 day cooling off period, in which Investors can withdraw. Since the revenue earned is contingent upon a successful raise. Turnover is not recognised until there is both a successful raise and the seven day cooling off period has passed.

Other revenue of the Group and Company is invoiced in line with the relevant agreements and recognised as revenue on the invoice date.

Turnover policies are consistent across both the Group and the Company.

3.6 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 the Group's share 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 Consolidated Statement of Comprehensive Income over its useful economic life.

Goodwill	5 years - straight line
Software	5 years - straight line

Media Rights

Media Rights reflect consideration provided to Crowdcube by Channel Four Television Corporation in the form of media credits as part of a fundraising round. These media credits are initially measured at the fair value of the equity instruments issued. Crowdcube has elected to amortise the intangible asset when the credits are utilised, as this is the point at which the economic benefit is consumed. If those credits expire then the unused credits will be written off.

3.7 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. Accounting policies (continued)

3.7 Tangible assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	- 25% straight line
Computer equipment	- 25% straight line
Leasehold improvements	- 9.5 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 Consolidated Statement of Comprehensive Income.

3.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

3.9 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.

3.10 Cash and cash equivalents

Cash is represented by cash in hand, cash held with our expense card provider Pleo, cash held with our payment processing provider Stripe and deposits with financial institutions. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. Accounting policies (continued)

3.11 Financial instruments

The Company has chosen to adopt Section 11 of FRS 102 in respect of financial instruments.

The Group 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 Consolidated 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.

3.12 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.

3.13 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

Grants received as a result of the Job Retention Scheme are classified as other income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. Accounting policies (continued)

3.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange movements are recognised through other comprehensive income.

3.15 Finance costs

Finance costs are charged to the Consolidated 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.

3.16 Operating leases

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

3.17 Employee benefits

(i) Short term benefits

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

The contributions are recognised as an expense in the Consolidated 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 Group in independently administered funds.

ii) Share-based payments

The Group operates share option schemes which allows key employees to acquire shares in the Company. Where the Group awards share options, the fair value of options granted is calculated at the grant date using the Black Scholes model. The model is Internationally recognised as being appropriate to value employee share schemes but does require inputs based on best estimates from management. The resulting cost of the options is charged to the profit and loss account over the vesting period during which the recipient becomes unconditionally entitled to exercise the options, and credited to equity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. Accounting policies (continued)

3.18 Interest income

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

3.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Consolidated Statement of Comprehensive Income in the year that the Group 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.

Contingent liabilities are not recognised in the Statement of Financial Position. However, unless the possibility of an outflow of economic resources is remote, contingent liabilities are disclosed in the notes to the financial statements.

3.20 Share Capital

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

3.21 Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. The Group has taken advantage of the exemption, under FRS 102 paragraph 33.2, from disclosing transactions with members of the same group that are wholly owned. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

3.22 Expenses

Cost of sales is comprised of all directly related costs to source, launch, fund and close a fundraising campaign. This includes directly attributable wages & benefits, payment processing costs and limited additional 3rd party service providers.

Administrative expenses consist of all other non directly attributable costs. This includes all other wages & benefits, all other third party service providers, as well as all premise, IT and marketing costs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

4. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires the directors to make significant judgements and estimates.

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.

The Directors consider that the following estimates and judgments are likely to have the most significant effect on the amounts recognised in the Consolidated financial information.

Share-based payments

The Group is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes but does require inputs based on best estimates from management. Details of management assumptions and estimates are detailed in note 11.

Value of Intangible assets and goodwill

The Group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires the determination of the fair value of the CGUs based on relevant market comparables less the costs of disposal.

Contingent liabilities

The recognition of a withholding tax contingent liability is a critical judgment and is disclosed in note 23.

5. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Commission Fees	5,133,309	5,361,733
Other Fees	2,836,684	2,323,723
	<u>7,969,993</u>	<u>7,685,456</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	7,407,653	7,306,117
Rest of Europe	562,340	379,339
	<u>7,969,993</u>	<u>7,685,456</u>

CROWDCUBE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

6. Other operating income

	2020 £	2019 £
Research and Development tax credits	147,343	-
Amounts received under the COVID 19 Job Retention Scheme	220,831	-
	<u>368,174</u>	<u>-</u>

7. Operating loss

The operating loss is stated after charging:

	2020 £	2019 £
Depreciation of tangible assets	59,535	61,291
Amortisation of intangible assets, including goodwill	93,809	93,809
Operating lease rentals	337,633	267,714
Share-based payment charge	788,703	492,299
	<u>1,279,680</u>	<u>855,113</u>

8. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	25,000	17,100
	<u>25,000</u>	<u>17,100</u>

Fees payable to the Group's auditors in respect of:

Audit of the Company's subsidiaries	7,000	5,580
Tax compliance services	6,150	6,000
Other assurance services required by legislation for subsidiaries	31,000	25,125
All other services	13,441	34,325
	<u>57,591</u>	<u>71,030</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

9. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	3,769,900	3,626,504	3,553,948	3,356,492
Social security costs	464,412	386,755	406,046	386,755
Other pension costs	102,684	102,368	102,684	102,368
	<u>4,336,996</u>	<u>4,115,627</u>	<u>4,062,678</u>	<u>3,845,615</u>

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

	2020	2019
	Number	Number
General & Administrative	14	16
Marketing	7	7
Product & Development	17	14
Commercial	40	33
	<u>78</u>	<u>70</u>

10. Directors' remuneration

	2020 £	2019 £
Aggregate directors' remuneration	<u>535,629</u>	<u>579,691</u>

The highest paid director received remuneration of £185,771 (2019: £197,076).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,849 (2019: £Nil).

Three directors (2019: three) were members of defined contribution schemes.

No directors (2019: one) exercised share options in the parent's shares during the year.

One director (2019: nil) received shares under a long-term incentive scheme.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

11. Share-based payments

The Group operates a number of share-based payment schemes. All options are granted with a fixed exercise price, and expire within 10 years of the date of grant. There is no entitlement to dividends attached to the options. Employees are required to remain in employment until the shares are exercised. Vesting conditions of options granted over the period are as follows:

2020

13,858,445 options granted, vest in equal instalments over 4 years.

2019

577,337 options granted, vest in equal instalments over 4 years.

Equity-settled arrangements are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

A reconciliation of share option movements over the year to 30 September is shown below:

	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 1 October	15,129,950	£0.053	19,831,812	£0.018
Granted	13,858,445	£0.073	577,337	£0.073
Exercised	(212,938)	£0.067		£0.029
			(2,512,813)	
Forfeited	(1,321,629)	£0.064	(2,766,386)	£0.058
Outstanding as at 30 September	27,453,828	£0.063	15,129,950	£0.053
Exercisable as at 30 September	10,229,461	£0.063	7,721,493	£0.059

The total charge for the year expensed to the profit and loss account was £788,703 (2019: £492,299).

The fair value of the options is estimated at the grant date using a Black-Scholes option-pricing model that uses assumptions noted in the table below:

	Year to 30 September 2020	Year to 30 September 2019
Expected life of options	4	4
Range of exercise prices (per option)	£0.07 - £0.07	£0.01 - £0.07
Market value of underlying shares	£0.29	£0.29
Risk free rate	0.00%	0.82%
Expected share price volatility	40%	40%
Range of fair values per option	£0.22 - £0.22	£0.20 - £0.23

The Group uses historical data to estimate option exercise and employee termination within the valuation model. The risk free rates for the periods within the contractual life of the option are based on the UK base rates at the time of the grant. Expected volatilities are based on implied volatilities as determined by review of information available for companies based in similar sectors. The average option life is expected to be 4 years from grant date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

12. Tax on loss

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020 £	2019 £
Loss before taxation	(3,023,577)	(2,625,551)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(574,480)	(498,855)
Effects of:		
Unrecognised deferred tax	574,480	498,855
Total tax charge for the financial year	-	-

Factors that may affect future tax charges

The Company has tax losses carried forward of £23,278,087 as at 30 September 2020 (2019: £20,254,510) and no deferred tax asset has been recognised in respect of these tax losses.

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. An increase to the main rate of corporation tax to 25% from 1 April 2023 was announced in the Budget on 3 March 2021, but this rate is yet to be substantively enacted. Deferred taxes have not been recognised in the balance sheet and therefore there is no impact on the tax related amounts recognised in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

13. Intangible assets

Group

	Software £	Media rights £	Goodwill £	Total £
Cost				
At 1 October 2019	7,500	998,295	469,046	1,474,841
Additions	1,277	1,705	-	2,982
At 30 September 2020	<u>8,777</u>	<u>1,000,000</u>	<u>469,046</u>	<u>1,477,823</u>
Accumulated amortisation				
At 1 October 2019	-	-	375,236	375,236
Charge for the year	-	-	93,809	93,809
At 30 September 2020	<u>-</u>	<u>-</u>	<u>469,045</u>	<u>469,045</u>
Net book value				
At 30 September 2020	<u>8,777</u>	<u>1,000,000</u>	<u>1</u>	<u>1,008,778</u>
At 30 September 2019	<u>7,500</u>	<u>998,295</u>	<u>93,810</u>	<u>1,099,605</u>

Company

	Software £	Media rights £	Total £
Cost			
At 1 October 2019	7,500	1,000,000	1,007,500
Additions	8,600	-	8,600
At 30 September 2020	<u>16,100</u>	<u>1,000,000</u>	<u>1,016,100</u>
Net book value			
At 30 September 2020	<u>16,100</u>	<u>1,000,000</u>	<u>1,016,100</u>
At 30 September 2019	<u>7,500</u>	<u>1,000,000</u>	<u>1,007,500</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

14. Tangible assets

Group

	Office equipment £	Computer equipment £	Leasehold improvements £	Total £
Cost				
At 1 October 2019	293,214	54,253	221,046	568,513
Additions	19,522	-	-	19,522
At 30 September 2020	312,736	54,253	221,046	588,035
Accumulated depreciation				
At 1 October 2019	199,501	54,253	29,085	282,839
Charge for the year	36,267	-	23,268	59,535
At 30 September 2020	235,768	54,253	52,353	342,374
Net book value				
At 30 September 2020	76,968	-	168,693	245,661
At 30 September 2019	93,713	-	191,961	285,674

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

14. Tangible assets (continued)

Company

	Office equipment £	Computer equipment £	Leasehold improvements £	Total £
Cost				
At 1 October 2019	287,012	54,253	221,046	562,311
Additions	21,457	-	-	21,457
At 30 September 2020	308,469	54,253	221,046	583,768
Accumulated depreciation				
At 1 October 2019	199,501	54,253	29,085	282,839
Charge for the year	36,267	-	23,268	59,535
At 30 September 2020	235,768	54,253	52,353	342,374
Net book value				
At 30 September 2020	72,701	-	168,693	241,394
At 30 September 2019	87,511	-	191,961	279,472

CROWDCUBE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

15. Investments

Group

	Investments £
Cost	
At 1 October 2019	9,084
At 30 September 2020	9,084
Accumulated impairment	
At 1 October 2019	9,084
At 30 September 2020	9,084
Net book value	
At 30 September 2020	-
At 30 September 2019	-

Details of the principal subsidiaries, joint ventures and associates can be found under note 29.

Company

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost			
At 1 October 2019	2,968,098	55,000	3,023,098
Additions	135,000	-	135,000
At 30 September 2020	3,103,098	55,000	3,158,098
Net book value			
At 30 September 2020	3,103,098	55,000	3,158,098
At 30 September 2019	2,968,098	55,000	3,023,098

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

16. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due after more than one year				
Loans to associates	-	16,667	-	16,667
	<u>-</u>	<u>16,667</u>	<u>-</u>	<u>16,667</u>
	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due within one year				
Trade debtors	263,128	83,678	-	17,341
Amounts owed by group undertakings	-	-	530,577	326,419
Other debtors	237,055	217,750	190,428	164,483
Prepayments and accrued income	977,223	1,334,220	977,223	1,334,220
	<u>1,477,406</u>	<u>1,635,648</u>	<u>1,698,228</u>	<u>1,842,463</u>

Trade debtors are stated after provisions for impairment of £Nil (2019: £Nil).

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

17. Current asset investments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Unlisted investments	21,735	19,487	17,933	15,758
	<u>21,735</u>	<u>19,487</u>	<u>17,933</u>	<u>15,758</u>

Unlisted investments represents notional value holdings in clients of the Company. Investments are valued at cost less provision for impairment.

18. Cash at bank and in hand

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	5,780,147	7,908,853	3,221,842	5,760,491
	<u>5,780,147</u>	<u>7,908,853</u>	<u>3,221,842</u>	<u>5,760,491</u>

**NOTES TO THE FINANCIAL STATEMENTS
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19. Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	281,685	464,002	172,424	430,502
Amounts owed to group undertakings	3,952	-	-	-
Taxation and social security	286,008	278,737	286,008	278,737
Other creditors	80,606	47,216	80,606	51,728
Accruals and deferred income	293,330	315,943	293,330	315,943
	<u>945,581</u>	<u>1,105,898</u>	<u>832,368</u>	<u>1,076,910</u>

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

20. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>6,838,723</u>	<u>1,671,862</u>	<u>4,497,454</u>	<u>1,874,888</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(659,573)</u>	<u>(827,161)</u>	<u>(546,360)</u>	<u>(798,173)</u>

Financial assets measured at amortised cost comprise cash, loans to associates, trade debtors, amounts owed by group undertakings, current assets investments, other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, accruals and deferred income and other creditors.

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21. Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
121,980,910 (2019: 121,767,972) A Ordinary shares of £0.001 (2019: £0.001) each	121,981	121,768
37,990,090 (2019: 37,990,090) A Preference shares of £0.001 (2019: £0.001) each	37,990	37,990
51,181,064 (2019: 51,181,064) B Investment shares of £0.001 (2019: £0.001) each	51,181	51,181
24,726,930 (2019: 24,726,930) B Preference shares of £0.001 (2019: £0.001) each	24,727	24,727
10,266,939 (2019: 10,266,939) C preference shares of £0.001 (2019: £0.001) each	10,267	10,267
9,924,709 (2019: 9,924,709) D 1 Preference shares of £0.001 (2019: £0.001) each	9,925	9,925
5,475,702 (2019: 5,475,702) D 2 Preference shares of £0.001 (2019: £0.001) each	5,476	5,476
	<u>261,547</u>	<u>261,334</u>

On 09 September 2020, 100,000 A Ordinary shares nominal value of £0.001 per share were issued for a consideration of £7,300 at £0.073 per share.

On 24 July 2020, 44,445 A Ordinary shares nominal value of £0.001 per share were issued for a consideration of £2,000 at £0.045 per share.

On 21 April 2020, 68,493 A Ordinary shares nominal value of £0.001 per share were issued for a consideration of £4,999 at £0.073 per share.

All classes of share rank pari passu as respects dividend distribution.

On a return of assets on liquidation, reduction of capital or otherwise the assets of the Company remaining after payment of its liabilities are distributed:

- (1) first to holders of D Preference shares on a pari passu basis, in priority to all other shareholders an amount equal to their subscription price, any unpaid dividends and in addition to all shareholders their pro rata share of £100; and
- (2) second to holders of A preference shares, B preference shares and C preference shares on a pari passu basis, in priority to all other shareholders an amount equal to their subscription price, any unpaid dividends and in addition to all shareholders their pro rata share of £100. Thereafter the balance is distributed to each of the holders of A Ordinary, B Investment and D Preference shares on a pari passu basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

22. Reserves

Share premium account

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

Share-based payment reserve

Share-based payment reserve represents the fair value of options granted at grant date.

Foreign exchange reserve

Foreign exchange reserve represents foreign exchange variances on acquisition of Crowdcube Spain, S.L and other intercompany movements.

Profit and loss account

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

23. Contingent liabilities

Between May 2017 and December 2019, the Group made 78 interest payments on behalf of mini-bond issuers as part of ongoing administration and registrar services. These 78 payments were made gross of withholding tax, based on a misinterpretation of advice surrounding a withholding tax exemption introduced in April 2017 through the Finance Act 2017. Upon further review these payments should have been made net of withholding tax totalling £959,978.

The Group has rectified this mistake as of December 2019 and is now making all payments net of the required 20% withholding tax. The Group does not believe there to be any tax liability, however there is the potential for penalties to be due. Such penalties are estimated by the directors as £213,000 but are expected to be lower and partially reimbursable through insurance. An unprompted and voluntary disclosure was made to HMRC immediately upon discovery of the error, however there is uncertainty about the penalties or timing of these until there is a reply from HMRC which indicates their position on the matter. There is no further update from HMRC on their position during the financial year and up to date of signing of these financial statements. Therefore, based on this and on the legal advice received the directors assess that the probability of a penalty is not remote but is not probable at the date of the signing of these financial statements.

24. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £102,684 (2019: £102,368).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

25. Commitments under operating leases

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

	Group 2020 £	Group 2019 £
Not later than 1 year	67,380	243,536
Later than 1 year and not later than 5 years	89,840	157,220
	<u>157,220</u>	<u>400,756</u>

The Group had no other off-Balance Sheet arrangements.

26. Transactions with directors

At the year end, D Westlake owed the Company £39,098 (2019: £39,098) in connection with drawings and unpaid share capital. This amount is included within other debtors. This loan has a 0% interest rate, no set repayment period and is unsecured.

At the year end, L Lang owed the Company £19,079 (2019: £19,079) in connection with drawings and unpaid share capital. This amount is shown in other debtors. This loan has a 0% interest rate, no set repayment period and is unsecured.

27. Related party transactions

The Company has taken advantage of the exemption, under FRS 102 paragraph 33.2, from disclosing transactions with members of the same group that are wholly owned.

In the year, the Group entered into six transactions with entities where a director of the Company, or close family member of the director, was a director of another entity. These transactions were in respect of crowdfunding services and generated total revenue of £22,401 for the Group.

In the year, the Company entered into four transactions with entities where a director of the Company, or close family member of the director, was a director of another entity. These transactions were in respect of crowdfunding services and generated total revenue of £1,850 for the Company.

28. Ultimate parent undertaking and controlling party

The Company is not under the control of any one individual.

CROWDCUBE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

29. Subsidiaries and related undertakings

The related undertakings whose results or financial performance principally affect the figures shown in the consolidated financial statements are as follows:

Name	Registered office	Principal activity	Class of shares	Holding
Crowdcube Capital Limited	Fourth Floor, Broadwalk House (South Block), Exeter, Devon, England, EX1 1TS	Provision of FCA regulated crowdfunder activities	Ordinary	100%
Crowdcube Spain, S.L.	Carrer de Rossell 6216, Planta 11, 08008, Barcelona	Provision of crowdfunding activities	Ordinary	100%
JP Nominees Limited.	Fourth Floor, Broadwalk House (South Block), Exeter, Devon, England, EX1 1TS	Nominee company	Ordinary	100%
Crowdcube Nominees Limited	Fourth Floor, Broadwalk House (South Block), Exeter, Devon, England, EX1 1TS	Nominee company	Ordinary	100%
Crowdfunder Limited	5-7 The Crescent Newquay TR7 1DT	Provision of crowdfunding activities	Ordinary	23.23%

All the above subsidiaries are included in the consolidation. The Company's investments in all subsidiaries is direct ownership.

JP Nominees Limited was dissolved on 10th November 2020.

Both JP Nominees and Crowdcube Nominees are dormant entities and exempt from audit.

30. Post balance sheet events

On 2 October 2020 the Company and Group entered into an agreement to acquire all the outstanding share capital of Seedrs Limited. The proposed merger was announced on 5 October 2020 but following the provisional findings of the Competition and Markets Authority, the Company and Group abandoned the plans for the merger.