Registered number: 05836806

FONIX MOBILE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

FONIX MOBILE LIMITED

COMPANY INFORMATION

Directors	William Richard Neale Richard Charles Thompson Robert Henry Weisz
Company secretary	William Richard Neale
Registered number	05836806
Registered office	23 Heddon Street London W1B 4BQ
Independent auditors	Nexia Smith & Williamson Chartered Accountants & Statutory Auditors 25 Moorgate London EC2R 6AY

FONIX MOBILE LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2018

Introduction

The Directors present their strategic report for the year ended 30 June 2018.

Business review

The Company's principal activity continued to be facilitating mobile payments and messaging, with profit before tax increasing by 83% *(2017 - 49%.)*

Principal risks and uncertainties

The principal risks identified are regulatory risk, liquidity risk and market risk.

Regulatory risk arises from rules imposed by regulators including the Phone-Paid Services Authority. The company mitigates regulatory risk by closely liasing with regulators and regularly monitoring compliance by its merchants, together with membership of a relevant trade association.

Liquidity risk arises from the difficulties the company may face in meeting obligations under financial liabilities as they fall due. The company mitigates liquidity risk by maintaining a sufficient cash balance to meet foreseeable obligations - and the nature of the business model means that growth is cash generative.

Market risk relates to the potential loss of key clients which is mitigated through medium term contracts and maintaining a diversified client base.

Financial key performance indicators

Annual budgets are agreed in advance with the board, and provide considerations to projected revenue, cashflow, working capital and debt collections. Monthly management accounts are prepared and reviewed with the board.

Other key performance indicators

Other key performance indicators include the client retention rate and the quantity of new clients. The technology services are also reviewed to ensure they are meeting clients' needs and to ensure the technology is at the forefront of the field.

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

W. R. Neale

W R Neale
Director

Date: 30-10-2018

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2018

The Directors present their report and the financial statements for the year ended 30 June 2018.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £2,341,935 *(2017 - £1,289,916).*

During the year dividends were declared amounting to £1,003,581 *(2017 - £251,928).*

On 1 August 2018 interim dividends for the year ending 30 June 2019 were declared amounting to £0.67 per A ordinary and B ordinary share.

Directors

The Directors who served during the year were:

William Richard Neale
Richard Charles Thompson
Robert Henry Weisz

Future developments

The directors believe that the company has a strong competitive advantage due to its technical innovation, commercial approach and operational processes.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018

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'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's auditors are aware of that information.

Auditors

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

W. R. Neale

W R Neale
Director

Date: 30-10-2018

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FONIX MOBILE LIMITED

Opinion
We have audited the financial statements of Fonix Mobile Limited (the 'Company') for the year ended 30 June 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:
- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Nexia Smith & Williamson

Guy Swarbreck
Senior Statutory Auditor

for and on behalf of
Nexia Smith & Williamson

Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY
Date: 1 November 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 £	*2017* *£*
Turnover		**55,233,074**	*36,656,041*
Cost of sales		**(50,034,914)**	*(32,970,039)*
Gross profit		**5,198,160**	*3,686,002*
Administrative expenses		**(2,397,583)**	*(2,154,359)*
Operating profit	5	**2,800,577**	*1,531,643*
Interest receivable and similar income	9	**14,579**	*2,994*
Profit before tax		**2,815,156**	*1,534,637*
Tax on profit	10	**(473,221)**	*(244,721)*
Profit for the financial year		**2,341,935**	*1,289,916*

There was no other comprehensive income for 2018 (2017 - £Nil).

BALANCE SHEET
AS AT 30 JUNE 2018

	Note		2018 £		2017 £
Fixed assets					
Intangible assets	12		**541,681**		*578,543*
Tangible assets	13		**14,459**		*18,230*
			556,140		*596,773*
Current assets					
Debtors: amounts falling due within one year	14	**17,643,942**		*8,508,562*	
Cash at bank and in hand	15	**13,868,593**		*17,170,515*	
		31,512,535		*25,679,077*	
Creditors: amounts falling due within one year	16	**(28,666,351)**		*(24,208,638)*	
Net current assets			**2,846,184**		*1,470,439*
Total assets less current liabilities			**3,402,324**		*2,067,212*
Provisions for liabilities					
Deferred tax	18	**(83,859)**		*(87,101)*	
			(83,859)		*(87,101)*
Net assets			**3,318,465**		*1,980,111*
Capital and reserves					
Called up share capital	19		**41**		*41*
Share premium account	20		**500,000**		*1,452,008*
Profit and loss account	20		**2,818,424**		*528,062*
			3,318,465		*1,980,111*

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

W. R. Neale

W R Neale
Director

Date: 30-10-2018

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2016	**41**	**1,452,008**	**(509,926)**	**942,123**
Comprehensive income for the year				
Profit for the year	-	-	1,289,916	1,289,916
Dividends: Equity capital	-	-	(251,928)	(251,928)
At 1 July 2017	**41**	**1,452,008**	**528,062**	**1,980,111**
Comprehensive income for the year				
Profit for the year	-	-	2,341,935	2,341,935
Dividends: Equity capital	-	-	(1,003,581)	(1,003,581)
Reduction in share premium	-	(952,008)	952,008	-
At 30 June 2018	**41**	**500,000**	**2,818,424**	**3,318,465**

The notes on pages 11 to 26 form part of these financial statements.

On the 9th October 2017 the Company reduced share premium from £1,452,008 to £500,000, leaving the number of shares and their nominal value unchanged.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	**2,341,935**	*1,289,916*
Adjustments for:		
Amortisation of intangible assets	**334,881**	*368,478*
Depreciation of tangible assets	**9,847**	*13,040*
Interest received	**(14,579)**	*(2,994)*
Taxation charge	**473,221**	*244,721*
(Increase)/decrease in debtors	**(9,135,380)**	*34,642*
Increase in creditors	**4,242,666**	*6,638,002*
Corporation tax paid	**(261,416)**	*(125,959)*
Net cash generated from operating activities	**(2,008,825)**	*8,459,846*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(298,019)**	*(305,363)*
Purchase of tangible fixed assets	**(6,337)**	*(15,103)*
Sale of tangible fixed assets	**261**	-
Sale of fixed asset investments	**-**	*15,940*
Interest received	**14,579**	*2,994*
Net cash from investing activities	**(289,516)**	*(301,532)*
Cash flows from financing activities		
Dividends paid	**(1,003,581)**	*(251,928)*
Net cash used in financing activities	**(1,003,581)**	*(251,928)*
Net (decrease)/increase in cash and cash equivalents	**(3,301,922)**	*7,906,386*
Cash and cash equivalents at beginning of year	**17,170,515**	*9,264,129*
Cash and cash equivalents at the end of year	**13,868,593**	*17,170,515*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**13,868,593**	*17,170,515*
	13,868,593	*17,170,515*

The notes on pages 11 to 26 form part of these financial statements.

1. General information

Fonix Mobile Limited is a private limited company, limited by shares, incorporated in England & Wales. Its registration number is 05836806. The address of its registered office is 23 Heddon Street, London, W1B 4BQ

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared 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 management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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.

2. Accounting policies (continued)

2.3 Revenue

Revenue 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. Revenue 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:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The Company has two major revenue streams. One revenue stream is transactions and interactions based. The revenue is therefore recognised when each transaction occurs. The other revenue stream is fees for various services. This is recognised in the financial statements over the period of the contract in proportion to the element of the services provided at the balance sheet date.

2.4 Operating leases: the Company as lessee

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

2.5 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.

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.

2.6 Interest income

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

2. Accounting policies (continued)

2.7 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.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Accounting policies (continued)

2.9 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:

Platform Software	-	3	years

The amortisation charge is recognised within administrative expenses.

2.10 Tangible fixed assets

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

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.

The estimated useful lives range as follows:

Fixtures and fittings	-	3	years
Office equipment	-	3	years
Computer equipment	-	3	years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.11 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.

2. Accounting policies (continued)

2.12 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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.13 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.

2.14 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.

2.15 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 ordinary shares.

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 cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the Board of Directors.

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

Useful Economic Lives of Intangible Fixed Assets
The Directors make judgements regarding the useful economic lives of intangible fixed assets. Intangible fixed assets consists of Platform Software which is considered to have a 3 year life.

4. Turnover

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2018	*2017*
	£	*£*
Tangible fixed assets - depreciation	**9,847**	*13,040*
Amortisation of intangible fixed assets	**334,881**	*368,478*
Exchange differences	**3,060**	*163*
Directors' defined contribution pension cost	**10,000**	*10,000*
	357,788	*391,681*

6. Auditors' remuneration

Fees payable to the Company's auditor and its associates in respect of:

Audit services	**16,500**	*16,500*
Taxation compliance services	**3,000**	*3,000*
All other services	**2,000**	*2,000*
	21,500	*21,500*

7. Employees

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

	2018 £	*2017 £*
Wages and salaries	**1,626,324**	*1,365,399*
Social security costs	**166,224**	*136,933*
Cost of defined contribution scheme	**35,749**	*28,486*
	1,828,297	*1,530,818*

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

	2018 No.	*2017 No.*
Sales	**5**	*5*
Administration	**9**	*7*
Development	**9**	*9*
	23	*21*

8. Directors' remuneration

	2018 £	*2017 £*
Directors' emoluments	**217,191**	*163,907*
Company contributions to defined contribution pension schemes	**10,000**	*10,000*
	227,191	*173,907*

The highest paid Director received remuneration of £217,191 *(2017 - £163,907)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £10,000 *(2017 - £10,000)*.

During the year, total compensation paid to Key Management Personnel for Fonix Mobile Limited amounted to £227,191 *(2017 - £173,907)*.

9. Interest receivable

	2018 £	*2017 £*
Other interest receivable	**14,579**	*2,994*
	14,579	*2,994*

10. Taxation

	2018 £	*2017 £*
Corporation tax		
Current tax on profits for the year	**476,463**	*261,416*
	476,463	*261,416*
Total current tax	**476,463**	*261,416*
Deferred tax		
Origination and reversal of timing differences	**(3,242)**	*(16,695)*
Total deferred tax	**(3,242)**	*(16,695)*
Taxation on profit on ordinary activities	**473,221**	*244,721*

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2017 - lower than)* the standard rate of corporation tax in the UK of 19% *(2017 - 19.75%)*. The differences are explained below:

	2018 £	*2017 £*
Profit on ordinary activities before tax	**2,815,156**	*1,534,637*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.75%)	**534,880**	*303,101*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**7,689**	*56,216*
Adjustment in research and development tax credit leading to a decrease in the tax charge	**(69,730)**	*(111,806)*
Other differences leading to an increase / (decrease) in the tax charge	**382**	*(2,790)*
Total tax charge for the year	**473,221**	*244,721*

11. Dividends

	2018 £	*2017 £*
Dividends paid - A Ordinary shares	**978,835**	*245,716*
Dividends paid - B Ordinary shares	**24,746**	*6,212*
	1,003,581	*251,928*

12. Intangible assets

	£
Cost	
At 1 July 2017	**1,737,601**
Additions - internal	**298,019**
Disposals	**(322,019)**
At 30 June 2018	**1,713,601**
Amortisation	
At 1 July 2017	**1,159,058**
Charge for the year	**334,881**
On disposals	**(322,019)**
At 30 June 2018	**1,171,920**
Net book value	
At 30 June 2018	**541,681**
At 30 June 2017	*578,543*

The capitalised platform software consists of platforms which provide high volume mobile payments and messaging, including detailed analytics, which have been created internally for the Company's specific requirements. The average remaining useful economic life was 2 years (2017 - 2 years).

13. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 July 2017	21,802	48,571	7,915	78,288
Additions	2,380	3,957	-	6,337
Disposals	(385)	(20,159)	-	(20,544)
At 30 June 2018	23,797	32,369	7,915	64,081
Depreciation				
At 1 July 2017	13,254	38,999	7,805	60,058
Charge for the year on owned assets	3,703	6,034	110	9,847
Disposals	(385)	(19,898)	-	(20,283)
At 30 June 2018	16,572	25,135	7,915	49,622
Net book value				
At 30 June 2018	7,225	7,234	-	14,459
At 30 June 2017	*8,548*	*9,572*	*110*	*18,230*

14. Debtors

	2018 £	*2017 £*
Trade debtors	12,987,523	*6,217,575*
Other debtors	2,040	*38,925*
Prepayments and accrued income	4,654,379	*2,252,062*
	17,643,942	*8,508,562*

15. Cash and cash equivalents

	2018 £	*2017* *£*
Cash at bank and in hand	**13,868,593**	*17,170,515*
	13,868,593	*17,170,515*

16. Creditors: Amounts falling due within one year

	2018 £	*2017* *£*
Trade creditors	**26,198,513**	*22,807,012*
Corporation tax	**476,463**	*261,416*
Other taxation and social security	**629,934**	*338,616*
Other creditors	**6,437**	*5,083*
Accruals and deferred income	**1,355,004**	*796,511*
	28,666,351	*24,208,638*

17. Financial instruments

	2018 £	*2017* *£*
Financial assets		
Financial assets measured at amortised cost	**31,398,842**	*25,586,993*
Financial liabilities		
Other financial liabilities measured at amortised cost	**27,559,954**	*(23,608,606)*

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Other financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

18. Deferred taxation

	2018
	£
At beginning of year	(87,101)
Charged to profit or loss	3,242
At end of year	**(83,859)**

The provision for deferred taxation is made up as follows:

	2018	*2017*
	£	*£*
Accelerated capital allowances	(83,859)	*(87,101)*
	(83,859)	*(87,101)*

19. Share capital

	2018	*2017*
	£	*£*
Authorised, allotted, called up and fully paid		
4,028,133 A ordinary shares shares of £0.00001 each	40	*40*
101,833 B ordinary shares shares of £0.00001 each	1	*1*
	41	*41*

The A ordinary shares carry unrestricted rights to both dividend and capital distributions and each share is entitled to one vote in any circumstances.

The B ordinary shares carry unrestricted rights to both dividend and capital distributions but do not carry the right to vote.

20. Reserves

Share premium account

This reserve relates to additional amount shareholders have paid for their issued shares that was in excess of the par value of those shares, less any reduction in share premium.

Profit and loss account

This reserve relates to the cumulative profits and losses less amounts distributed to shareholders.

21. Share based payments

During the year, the Company operated an Enterprise Management Incentive ("EMI") scheme, under which a maximum of 346,500 B Ordinary share options (2017 - 346,500) have been granted to employees, equal to 7.74% of the equity shares in issue on a fully diluted basis. During the year ended 30 June 2018, no options were granted, forfeited, expired or exercised. Additionally, there have been no modifications made during the period to the share scheme in place.

The number of options which are outstanding and exercisable as at 30 June 2018 were 346,500 (2017 - 346,500), with a nominal value of £0.00001 per share. The Company has not recognised a charge for the year (2017: £nil) due to it being immaterial.

The options may only be exercised prior to the sale of the business, by giving notice in writing to the Company intimating that the holder wishes to exercise the options and specifying the number of options he or she then wishes to acquire. The share option shall lapse and cease to be exercisable forwith on the date immediately preceding the tenth anniversary of the date of the grant. Not withstanding the above, the Board may at its own discretion determine at any time that some or all of these options are vested and capable of exercise.

22. Operating lease commitments

At 30 June 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	*2017*
	£	*£*
Not later than 1 year	**44,179**	*44,907*
	44,179	*44,907*

23. Related party transactions

Grabyo Limited
Grabyo Limited is a company in which the director and majority shareholder W Neale, has a significant influence due to W Neale's shareholding in Grabyo Limited.

The Company invoiced Grabyo Limited £16,175 (2017 - £159,050) during the year for Grabyo Limited's share of overhead costs and for consultancy services provided to Grabyo Limited. This is included as consultancy income in the Profit and Loss account. At the year end, an amount of £1,480 (2017 - £5,086) was due from the related party.

Everplay Limited
Everplay Limited is a company in which the director and majority shareholder W Neale, has a significant influence due to W Neale's shareholding in Everplay Limited.

Everplay Limited invoiced the Company £183,269 (2017 - £177,669) during the year for services and this is included in administrative expenses. There are £nil amounts owed to/from Everplay Limited at the end of the year (2017 - £nil).

Ganton Limited
Ganton Limited is a company in which the director and majority shareholder W Neale, has a significant influence due to W Neale's shareholding in Ganton Limited.

The Company paid dividends to Ganton Limited to the value of £279,158 during the year (2017 - £nil).

Wizzard Limited
Wizzard Limited is a company in which the directors W Neale and R Weisz have a significant influence, due to their indirect and direct shareholdings in Wizzard Limited.

The Company invoiced Wizzard Limited £57,878 (2017 - £33,849) during the year for Wizzard Limited's share of overhead costs. This is included as a reduction of overheads in the Profit and Loss account. At the year end, an amount of £5,122 (2017 - £11,311) was due from the related party.

Wizzard Limited invoiced the Company £194,456 (2017 - £147,557) during the year for overhead costs, and services provided to Fonix Limited. This is included within administrative expenses. There are no amounts owed to Wizzard Limited at the end of the year (2017 - £nil).

Starnevesse Limited
Starnevesse Limited is a company in which the director and shareholder R C Thompson, has a significant influence due to R C Thompson's indirect shareholding in Starnevesse Limited.

The Company paid dividends to Starnevesse Limited to the value of £215,043 during the year (2017 - £53,982).

Directors

The Company paid dividends to the Director group to the value of £402,886 during the year (2017 - £171,213).

24. Subsequent events

On 1 August 2018 interim dividends for the year ending 30 June 2019 were declared amounting to £0.67 per A ordinary and B ordinary share.

25. Controlling party

The ultimate controlling party is W R Neale, a director, who controls 55.63% of the issued share capital of the Company.