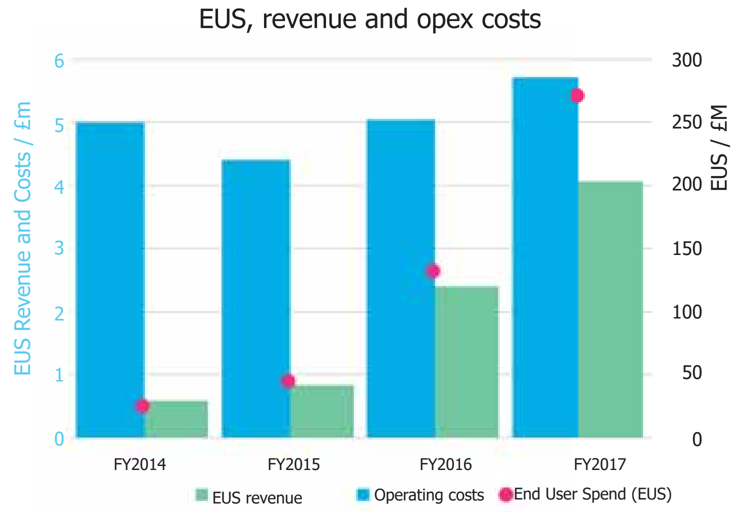
Annual Report 2017

Contents

Highlights

- End User Spend (EUS) increased 105% to £271.4m (FY2016: £132.3m)
- Revenue increased 60% to £4.2m (FY2016: £2.6m)
- Bango operational costs were stable at £2.3m (FY2016: £2.4m), demonstrating the high scalability of the platform



DCB for Amazon retail in Japan

Bango enabled a new payment method for Amazon customers in Japan. Amazon customers with a KDDI (au) or NTT DOCOMO mobile phone account can now pay for physical goods from Amazon.co.jp, by charging the cost to their mobile phone bill.

Mobile wallets in Google Play

Continuing its history of launching disruptive payment technologies on a large scale into new markets, the Bango Platform launched the first operator owned mobile wallets as a payment method for customers buying from Google Play in Africa.

Upgraded Google Play routes

Three Google Play routes upgraded to the Bango Platform. By applying Bango Boost technology they experience an immediate uplift in sales and move back into growth.

> *"We are constantly on the lookout for new ways to optimize our mobile services and ensure they're paced with our customers' growing online needs. We are excited to adopt Bango technology which will allow us to build on the success of our existing app store carrier billing and provide our customers a frictionless payment experience."*
>
> **Karim Tabbouche, Chief Commercial Officer of VIVA Bahrain**

Bango at a glance

In 2017, Bango added new customers using the Bango Platform, expanded global reach with new payment routes and increased development in technology to support new products and services from our customers. Each of these growth factors, provides a strong base for more success in 2018 and beyond for Bango and its customers.

Connected commerce

Bango is the payment platform chosen by the world's most influential companies to grow their sales faster in the age of connected commerce.

Working with global stores including Google, Amazon, and Microsoft, Bango has become the industry standard, helping people make payments quickly and conveniently. Through its partnerships and reach, Bango offers unique insights derived from pooled data and shared knowledge. Bango gives businesses unrivalled visibility into their markets and customers, increasing sales and customer acquisition. Built to scale, the Bango Platform supports the exponential growth ambitions of its global partners.

Carrier billing on Xbox One

Launched first carrier billing for Xbox content then expanded the availability for Windows Store and Xbox One to over 200 million subscribers across Europe and the USA.

Operator wallets in Google Play

Launched new app store payments services including African operator wallets in Google Play, enabling our partners to benefit from new payment methods with no risk.

Amazon Prime resale in India

Launched resale and bundling technology in India, enabling Bharti Airtel customers to sign-up to Amazon Prime in India as part of a bundled package offer.

Carrier billing in Amazon Japan

Japanese customers are in the enviable position of being able to use this convenient payment method at checkout for physical goods as well as digital content.

'Most Innovative DCB Technology' award

Bango won the award for the 'Most Innovative DCB Technology' at the Global Direct Carrier Billing Awards 2017.

Chairman's statement

I am delighted to report that the vision and plan the Bango management team set out at its January 2017 strategy day has been delivered. 2017 was a year in which the remarkable breadth of the Bango Platform was thoroughly and successfully demonstrated.

In a year of many achievements, enabling a new payment method for the world's biggest online retailer in its third largest global market, was a highlight. The Amazon business in Japan covers retail, digital products and services such as Amazon Prime and Prime Student. The technical requirements to support this kind of retail payments are far greater than for digital purchases, which validates the long-term investment Bango has made in the sophisticated capabilities of the Bango Platform. This investment has proven to be a shrewd decision by management and signposts the longevity of Bango technology as the market develops in new ways.

At the heart of the Bango strategy is the idea that a platform accumulates a vast amount of information from multiple sources, and delivers value to customers and partners that they cannot obtain through direct, bilateral relationships. The Bango Platform is truly global, collecting data from end user activity across Europe, Asia, Africa, Oceania and the Americas. The business today powers digital and retail sales, using direct billing, wallets and reseller business models, for the world's biggest internet companies which can grow their sales faster by partnering with Bango. This places Bango in a unique position, and with a unique opportunity, in the commerce market.

Entering 2018, the power and flexibility of the Bango Platform was again demonstrated when Bharti Airtel, India's biggest Mobile Network Operator, launched a new service offering with Amazon. Mobile users can now enjoy Amazon Prime video, bundled as part of their Airtel mobile or broadband service. The activation of this customer offer uses the Bango Platform to resell, maintain and manage subscriber entitlement, and provide valuable information to both parties, leading to increased sales and more efficient marketing.

Finally, in a significant post-year end event, Bango announced the rapid acceleration of its plan to further monetize the value of the Bango Platform. The acquisition of Audiens, a technology provider with a Customer Data Platform, is an opportunity for Bango to seize the strategic value that is increasingly being placed by the commerce market on online payments and the associated data. Audiens enables a much wider market beyond merchants and operators to benefit from the value of payments data and from the broader data attributes that merchants and operators can offer through their relationships with Bango.

The management skill in achieving these 2017 milestones is significant. Management again shows itself to be highly capable of leading the business to new heights, equipped to achieve continued progress through organic growth and the application of the Bango technology to new markets. I am now looking forward to reporting on the data opportunities provided by the Audiens acquisition. I am looking forward to the year ahead, during which I believe Bango can deliver sizeable End User Spend growth and deepen its importance in the business of the internet.

David Sear
Chairman

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DCB for Amazon retail in Japan

Bango has enabled a new payment method for Amazon customers in Japan. Amazon customers with a KDDI (au) or NTT DOCOMO mobile phone account can now pay for physical goods from Amazon.co.jp, by charging the cost to their mobile phone bill.

Bango expanded Direct Carrier Billing (DCB) availability to include Amazon Prime and Prime Student membership programs a few months later.

Expanded the availability of Direct Carrier Billing for Windows Store

Bango expanded the availability of Direct Carrier Billing for Windows Store and Xbox One to over 200 million subscribers across Europe and the USA. European launches for Windows 10 carrier billing through the Bango Platform include EE in the UK, Base in Belgium and 3 in Italy.

In the USA, subscribers on the Verizon network can purchase their favorite apps, games, movies, music and more from Windows Store, across all devices running Windows 10, including Xbox One, by charging the cost to their bill.

CEO's statement

Bango is the platform chosen by the world's most influential companies to grow their sales faster in the age of connected commerce. Google, Amazon, Microsoft and other leaders are using Bango technology to enable billions of users to make payments quickly and conveniently.

Through its partnerships and technology, Bango delivers unique commerce insights derived from pooled data and shared knowledge. Bango gives businesses unrivalled visibility into their markets and customers, increasing sales and customer acquisition. Built to scale, the Bango Platform supports the exponential growth ambitions of its global partners.

Driving customer success with the Bango Platform

Amazon physical goods
In June 2017, Bango broke new ground by enabling Amazon to offer its Japanese customers the convenience of payment for physical goods on their mobile phone bill.

Launching initially across all Android and iPhone users on the Docomo and KDDI networks in Japan, this reaches over 110 million consumers. Japan is a mobile-centric internet culture with billions of dollars of online purchases transacting on mobile phones each year.

The Bango Platform can now support the more complex technology and processes demanded by online retailers. This was enabled by significant additional investment in the Bango API and associated software over more than 3 years.

Online retailers anywhere in the world are now able to follow Amazon's lead and offer their customers the convenience of payment to their mobile phone bill.

Amazon Prime Video
In parallel with opening-up payments for physical goods using the Bango Platform, the expansion of digital services continues via the Bango resale product. At the end of 2017, Bharti Airtel, the largest mobile operator in India began to launch Amazon Prime Video as part of a bundled package offered to its customers. Integration with Amazon was made possible by using the Bango Platform. As new mobile operators integrate to the Bango Platform to enhance their offering across physical and digital goods, the reach for all merchant partners is increased.

Google Play upgrades
Mobile operators switching from an existing connection to the Bango Platform provide proof that Bango provides more value than a payment processor. In the first half of 2017, two operators in the Middle East moved their Google Play routes from third party providers to the Bango Platform, to stimulate growth. Their Android business is now benefiting from the tools and data that Bango uniquely provides. An immediate uplift in end user spend of 35% was gained, with more than 25% increase in unique users. Bango Boost will enable app developers to strengthen their business with these operators by using the benchmarking and data insights that only Bango can provide.

A key focus of Bango sales and marketing teams in 2018 is accelerating the growth of Google Play EUS by upgrading mobile operators to the Bango Platform. More than 30 mobile operators are in discussion with Bango about the upgrade opportunity, representing in excess of US$3Bn of End User Spend that can be moved to the Bango Platform and grown faster and more profitably.

Success with mobile wallets
The Bango Platform was designed to be powerful and flexible to deal with emerging payment methods as they are deployed by operators and other payment providers. During 2017, work continued on integrating new wallets and payment systems to meet the needs of merchants wanting to go beyond carrier billing. In June, the first of these launched in Japan with AU's wallet, followed in November by 9mobile's 9pay wallet in Nigeria, which launched in Google Play.

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Product development

New platform capabilities added during 2015 and 2016 to handle the sophistication of physical goods delivery were extensively tested and proven during 2017, and the Bango API was extended to support these powerful capabilities.

Bango released an update to Bango Boost, its sales conversion rate improvement product, to provide Google Play developers with valuable data that can improve their marketing activity and enable better collaboration with mobile operators. Previously Bango Boost was focused on mobile operators and people within Google or other stores. Bango Boost unleashes new revenue streams for mobile operators from the developers exploiting Google Play who could not otherwise easily engage with the MNOs. A team is already engaging with 20 of the top Google Play developers to increase their sales success.

Software engineering work continues to speed up transaction processing and improve reliability and resilience through innovations in the use of database and API technology. Bango datacenters have been tested at a sustained transaction rate of over £5Bn/yr. The 10x headroom means that the incremental cost to process transactions remains close to zero and, therefore, additional revenue is the equivalent of gross profit.

Acquisition of Audiens

The increasing capabilities of the Bango Platform result in more transactions being processed. Additional transactions provide not only immediate commercial value to Bango and its partners, but also contribute to the pool of anonymized data stored in the Bango Platform. Data has great value to publishers, operators, developers and other advertisers. To market this data more quickly and to allow partners integrated to the Bango Platform to monetize their data securely and at low cost, Bango acquired Audiens. Audiens brings contracts to sell data with the leading global Data Management Platform's (DMPs) and a team with extensive experience in data monetization.

Outlook

Bango has continued to execute on its successful strategy of powering the industry leaders. In 2017 the power and versatility of the Bango Platform was emphasized by the successful launch of DCB for Amazon physical goods in Japan, of Amazon Prime Video resale in India, and continued growth for Google Play merchants worldwide.

In 2017, for the third consecutive year, the EUS processed through the Bango Platform more than doubled, increasing the power of the platform for merchants, and attracting new business which will power spending growth and contribute to an increasingly valuable pool of data in the years to come.

Rapid growth in 2017 made the benefits of the Bango Platform even more compelling. The more transactions through the Bango Platform, the better it can increase sales for customers in the future – due to the unique "platform effect". Demonstration of the big benefits mobile operators see from moving to the Bango Platform is expected to drive many legacy direct routes to move to Bango in the coming year.

Bango will continue to invest in 2018 in developing the commercial relationships that can bring billions of EUS in the future. The future of Bango as a key commerce technology provider for the world's most influential online companies will benefit from both further growth in payment processing volumes and, excitingly, new revenue streams from the recently expanded data monetization business.

Ray Anderson
CEO

CFO's statement

End User Spend

In FY2017 Bango doubled End User Spend (EUS) for the third consecutive year, growing to £271.4m, from £132.3m in FY2016 and £44.7m in FY2015. EUS growth came from existing and new routes activated through the Bango Platform.

Bango is confident that this momentum can continue to drive future EUS growth from existing routes, new payment routes being activated and existing Google Play routes upgrading to the Bango Platform. Two new migrations in the Middle East were completed in FY2017, demonstrating the ability of Bango to successfully migrate Google Play routes to the Bango Platform. Partners are choosing the Bango Platform because the technologies that Bango has developed, including Bango Boost and Bango Dashboard allow greater business understanding which can increase EUS significantly compared to direct connections.

EUS remains the most significant Key Performance Indicator that management uses to measure the development of the business and the success of Bango partners. The delivery of additional EUS through upgrades will be a key focus of Bango in 2018. EUS is calculated as the total sales processed through the Bango Platform, excluding taxes. Bango's growing EUS demonstrates the strength of the Bango Platform to handle rapidly increasing EUS at low operational costs.

Revenue

Bango revenue is the fees that customers or partners pay Bango to collect transactions through the Bango Platform. There is no significant incremental cost of sales and therefore revenue is almost exactly reflected as gross profit.

Bango has two revenue streams which are reported on separately.

Revenue generated from EUS is accounted for consistently with the method from the prior year, and increased 69% to £4.08m from £2.41m in FY2016. The growth in EUS has led to an increase in EUS revenue. The Bango business model is for the EUS revenue to grow to cover all expenses and R&D investment in the platform.

Other fees, comprising all revenue not generated from EUS such as integration fees, are recognized on completion of the contracted milestones. This revenue relates to payments by merchants or mobile operators for upgrades to the Bango Platform.

Bango has considered the potential impact that IFRS 15 may have on its revenue. Following a review, the only impact is that the fees related to subscription services lasting more than one month are now spread over the life of the subscription, in-line with the criteria under IFRS 15. Other revenues from digital and physical goods sales will not be affected by IFRS 15 in 2018.

Bango became EBITDA positive on a run rate basis in November 2017.

Revenue expressed as a percentage of EUS

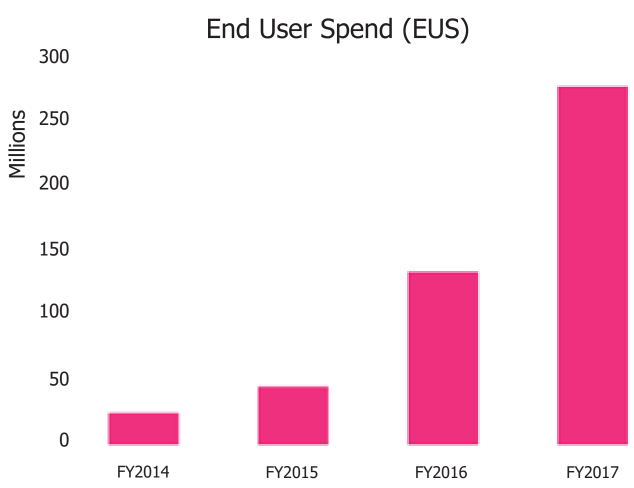
Revenue expressed as a percentage of EUS was 1.5% (FY2016: 1.8%) and is consistent with management's short-term expectations for this metric.

Bango has a range of contractual models and pricing that link to total EUS in different markets and for different content. Accordingly, revenues can reduce with higher EUS due to a tiered pricing model or potential market size.

From FY2018 onwards, Bango will no longer report on revenue expressed as a percentage of EUS, as revenue from the data business will make an increasing contribution to the total revenue.

Acquisition of Audiens S.R.L.

On 23 January 2018, Bango purchased 98.45% of Audiens S.R.L. from Digitouch



S.p.A, for an initial consideration of €1.48m in cash and €0.63m payable in cash during 2018. Bango also issued 521,803 new Bango shares to the vendors of Audiens and 738,399 warrants over new Bango shares, exercisable at a price of £1.80 each, which will lapse after 10 years. Further deferred consideration, based on the growth of the business in the two years post acquisition is potentially payable to the CEO of Audiens, based upon an option agreement for the remaining 1.55% of Audiens. Bango currently expect this payment to be up to €0.95m.

As Bango EUS grows in 2018, the volume of data in the Bango Platform will increase and therefore, the revenue from the Bango data opportunity is expected to increase.

Administrative expenses

Administrative expenses of £5.7m (FY2016: £5.1m) were in-line with budget. The cost of processing transactions through the Bango Platform remained static at £2.3m (FY2016: £2.4m), but the total value of transactions more than doubled, highlighting the huge scale and cost efficiencies in the Bango Platform.

The increase in administrative expenses came in two areas: sales and development. In the second half of 2017 Bango invested in new technology to make processing of entitlement to subscription services that are bundled with other services more easily available to customers. The first launch of this technology was by India's largest mobile operator, Bharti Airtel, who made Amazon Prime Video available as part of a bundled package offered to its customers. The potential EUS opportunity for this technology is significant and therefore Bango will continue to invest in enhancement of this technology and its marketing in 2018. Bango continues to invest in other Research and Development (R&D) projects and spent £3m (FY2016: £2.6m) to ensure that the Bango Platform remains agile to customer needs.

Bango recognizes that the Google Play market continues to be a growing and early stage market. Most of Google Play's EUS, $6Bn in 4Q2017 (App Annie, 2018) is from older, legacy routes that are connected directly with Google or limited to credit card users. Bango has increased its sales and marketing team to target this market as the potential EUS opportunity is significant. The EUS on legacy routes ranges from millions to hundreds of millions of dollars a year per route. The largest markets are Asia (particularly Japan and Korea) and North America. To address these key markets, Bango has increased its local presence.

Amortization and impairment of intangible assets in the year was £1.1m (FY2016: £1.1m) as R&D projects capitalized in prior years were deployed. Amortization of the BilltoMobile Inc investment was £0.3m (FY2016: £0.2m). Depreciation for the year totaled £0.2m (FY2016: £0.3m) reflecting the small number of fixed asset additions in the year, and that much on the equipment is now fully depreciated.

Share based payment costs of £0.7m (FY2016: £0.4m), are a result of offering share options to employees. The increased charge resulted from an increase in the share volatility input into the Black Scholes model used to calculate the charge, which is a result of the significant increase in the Bango share price over the year. Share options remain one of the most valuable components of the Bango remuneration policy used to attract, motivate and retain employees in a highly competitive market. All employees, other than Non-Executive Directors are eligible to take part in the Bango share option scheme.

Balance sheet

Net assets at 31 December 2017 were £10.7m (31 December 2016: £12.3m).

Cash balances at 31 December 2017 decreased by £0.9m to £4.8m (at 31 December 2016: £5.7m), as a result of continued investment in new products. With a highly scalable operating platform and growing EUS leading to increased revenue, Bango will begin generating sufficient cash to cover both the operational costs of the business and continued investment in product development. As part of the post year end acquisition of Audiens, Bango raised £5m (£4.6m net of fees) both to acquire and integrate Audiens and to invest in the development of Bango's data monetization technology and business.

Intangible assets include acquired goodwill as well as internally developed capitalized R&D. Intangible assets relating to capitalized R&D increased to £4.0m, following additional investment in the Bango Platform (31 December 2016: £3.6m). Internally generated R&D is amortized over 5 years with projects assessed in relation to their individual cash generation ability. As at 31 December 2017, there was £0.9m trade and assets relating to BilltoMobile Inc (31 December 2016: £1.2m) and £1.2m of goodwill (31 December 2016: £1.2m).

Total borrowings at 31 December 2017 were £0.3m (31 December 2016: £0.1m) and consist of finance lease liabilities used to purchase computer equipment and software.

Going concern

As Bango continues to grow its EUS and revenue in 2018 in line with prior year trends, cash consumption will reduce on a stable cost basis. With cash at the year-end of £4.8m, the Board believes there is sufficient cash in place to see the business through to cash breakeven and profitability. The fundraising to acquire and support Audiens in January 2018, ensures that the Bango cash balance will remain sufficient during the current year to ensure customers continued confidence in upgrading to the Bango Platform.

Rachel Elias-Jones
CFO

Key Performance Indicators (KPIs)

End User Spend (EUS)
This remains the key metric to measure the growth and success of the Bango Platform. It is the total value of all sales through the Bango Platform net of VAT or sales taxes. Bango closely monitors EUS growth and forecasts, to ensure that there remains significant capacity in the platform to handle massive future volumes and temporary spikes in volume to ensure there are no barriers to future growth.

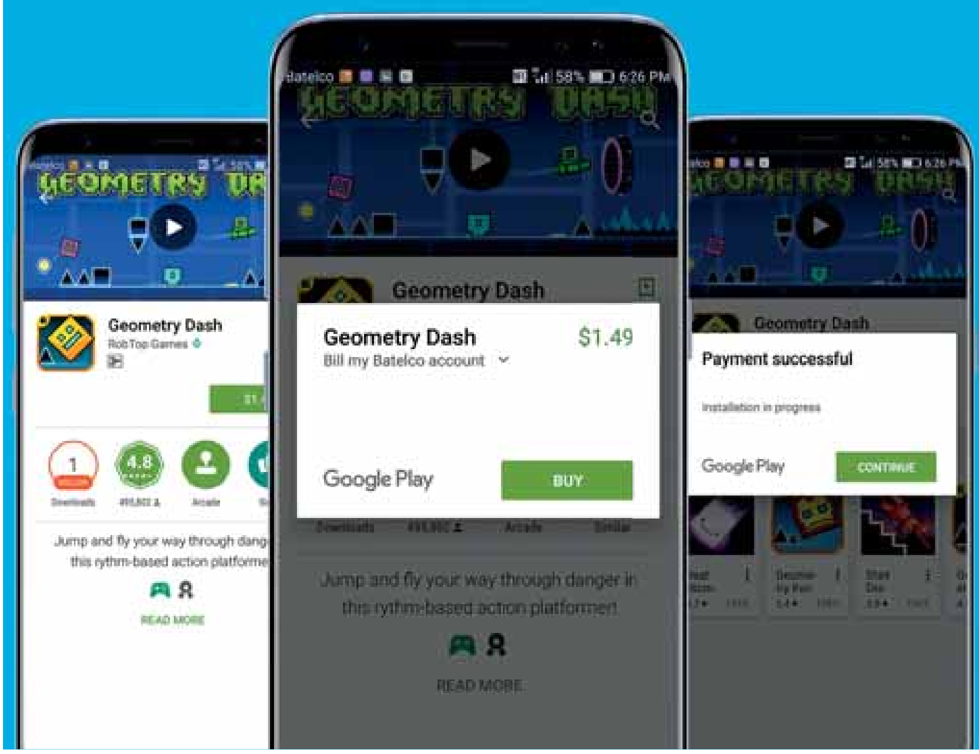
Non-financial KPIs
These are monitored monthly by the board and key management, and include relationships with mobile operators and leading merchants. Growing and developing these relationships will ensure that Bango has the contracts in place to grow its market share and EUS.

Cash balances
The Bango Board reviews a two year cash forecast on a monthly basis to ensure that Bango has appropriate resources. As Bango is not currently generating sufficient cash to cover all costs, it is important to major stakeholders, particularly key customers, that they comfort that Bango has sufficient resources to keep trading and investing in joint research and development projects.

Net profit
Bango is a highly scalable platform that can handle huge additional volumes of EUS without increasing processing costs. With other operating costs decreasing, and despite additional investment in sales and development, growth in revenue on a highly leveraged platform will lead to profitability.

Revenue
Bango revenue is the sum of all the fees charged across merchants. Bango receives a fee from every transaction through the platform which varies by market and volume of transactions.

Google Play upgrades



Viva Bahrain and Viva Kuwait are the most recent mobile operators to migrate their app store business to the Bango Platform. As a result, they are able to move back into growth by applying Bango Boost technology to improve the payment experience for their customers.

Developers selling through the Google Play store in Kuwait and Bahrain will see increased sales from Viva customers through the Bango Boost program.

Strategy for growth

Dive more actions with unique data

Major stores and merchants can model campaign performance to focus their advertising spend to gain the highest ROI. The acquisition of Audiens in 2018 is a key part of the Bango strategy to build a unique, industrywide commerce platform for global stores and merchants.

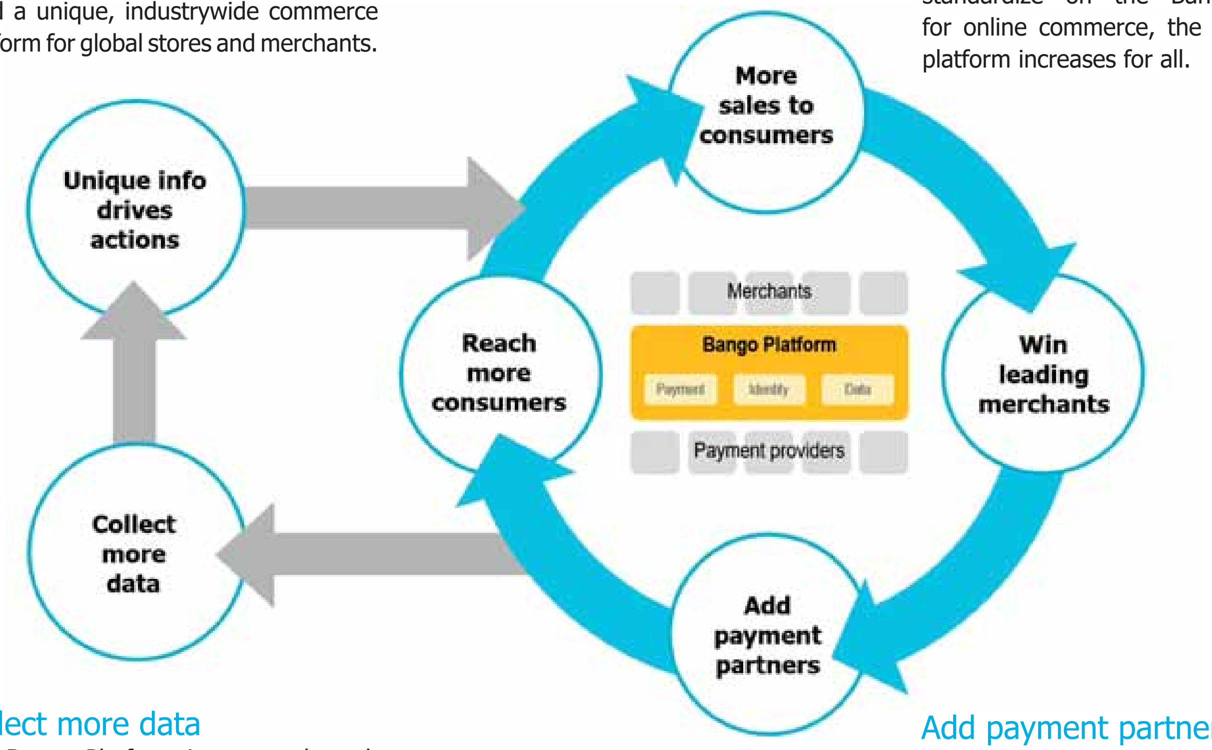
More sales to consumers

Bango delivers unique insights derived from pooled data and shared knowledge across the Bango Platform. Bango gives businesses unrivalled visibility into their markets and customers, which increase sales and boost customer acquisition. Built to scale, the Bango Platform supports the exponential growth ambitions of its global partners.

Win leading merchants

Major stores and merchants maximize coverage through the platform's universal payment capability - any device, any content type, with any alternative payment method to reach the biggest possible market.

Proven at scale for leading online merchants, Bango continues to onboard and expand partnerships with leading online merchants that want to grow their sales faster. As more merchants standardize on the Bango Platform for online commerce, the value of the platform increases for all.



Collect more data

The Bango Platform improves through continual use by Bango partners, creating and sharing value with every transaction it processes. Shared across more major stores than any other provider, the Bango Platform has information that is not available to other solution providers, and cannot be captured through direct integrations between payment providers and merchants.

Reach more consumers

As more customers and partners adopt the Bango Platform more transactions are processed and analyzed by Bango technology. Consequently the platform becomes increasingly powerful, providing unique insights that drive revenue growth. This in turn attracts more customers to use the Bango Platform, which feeds a virtuous circle of success for the Bango Platform and the industry.

Add payment partners

Payment providers gain insights into user behavior to increase transaction success and drive user engagement. The Bango Platform is designed to support multiple payment methods, and recent additions of mobile wallets demonstrates the flexibility of the platform. Bango Boost adds unique insights that enable the payment providers to increase payment route performance and boost their revenues.

Principal risks and uncertainties

Financial risk management objectives and policies

Bango monitors the following financial and operational risks to which it is exposed through its business activities. The Bango Board and key management personnel regularly review these risks and assess the processes and controls that have been put in place to mitigate them.

Liquidity risk and going concern

Bango ensures sufficient liquidity is available to meet foreseeable needs and invests in cash assets safely and profitably. See note 20 for further information. Due to the nature of the business with long term relationships with operators and merchants, Bango does not have significant issues with bad debt and therefore the impact on Bango's liquidity is low. The Board review a detailed cash flow forecast to ensure that there is sufficient cash to continue to invest in the platform and future development to meet the needs of current and future Bango customers.

Employee retention

Bango depends on its ability to recruit and retain people with the right experience and skills. Bango puts significant effort into providing an excellent working environment and benefits, including a share option scheme available to all employees (notes 7 and 12).

Currency risk

The Bango revenue streams and the assets of some of the Groups subsidiaries are transacted or held in currencies other than sterling. This results in an inherent currency risk, partly mitigated by sales and costs in the same country being largely offset. See note 21 for further information. Regular reviews of the impact of dramatic currency swings are undertaken to plan against any significant risks to Bango if these were to happen. No forward exchange or other such financial instruments have been used in the year.

Personal data risk

Bango processes data belonging to customers and individuals (some of which may be very sensitive) as part of its business. There is a risk that such data could become public if there were a failure of security. The extensive testing of Bango by its major partners as part of ongoing supplier audits, minimization of such data, and the unique way Bango technology is used, gives assurance that this risk is appropriately mitigated.

Technology risk

Bango EUS is dependent on its technology keeping pace with developments in internet, mobile and payment technology. Bango manages this risk with a continued investment in Research and Development (R&D), combined with regular technology reviews with trading partners and sector specialists to ensure that market developments are understood and managed. Products are reviewed regularly for signs of impairment, based on single cash generating units and their ability to grow revenues.

Platform risk

The Bango Platform processes huge volumes of data, and is designed to ensure it has capacity to process ever growing volumes of EUS as well as short term spikes of data. The availability and stability of the platform is managed by closely reviewing the performance of the platform and stress testing the platform to ensure that there is huge capacity to scale.

Diversity of customers

The Bango strategy is based on a diversity of customers which use the Bango Platform because it can do things that no one customer can do themselves – because Bango serves multiple customers. Extreme dominance of the market by one merchant of mobile operator could reduce the value of Bango. Bango has secured deals with leading stores and expects diversity of customers and operators to continue. Even the largest internet companies do not monopolize the global commerce market.

Gender of Directors and senior managers

Bango has six Directors, three identify as male, two as non-binary and one as female. There are ten other key management personnel of which seven identify as male, two as female and one as other.

The strategic report which incorporates pages 3 to 11 was approved by the Board of Directors, and signed on its behalf by:

Ray Anderson
CEO

Bango Platform wins 'Most Innovative DCB Technology' award

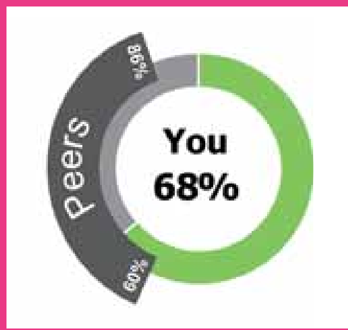
Bango won the award for the 'Most Innovative DCB Technology' at the Global Direct Carrier Billing Awards 2017.

The award recognizes the new technology and capabilities added to the Bango Platform to support the many complexities involved in the launch of carrier billing by Amazon Japan.

This innovation award reflects the leadership role of the Bango Platform in opening-up the market for carrier billing at scale, increasing payments inclusivity for the billions of smartphone users around the world.

Global Direct Carrier Billing AWARDS

Bango Boost version 2 released



Bango Boost v2 is an evolution of Bango Boost v1, which achieved significant success for operators by focusing on the causes of friction in payment routes. Expanding on this, Bango Boost v2 provides stores and merchants with unique and comprehensive data analysis, including performance benchmarking, to enable stores and merchants to invest in revenue growth and to continuously improve the customer experience.

Bango Strategy day

The Bango Strategy seminar at the end of January 2017, highlighted the potential for applying the Bango Platform to retail, resale and IoT market opportunities. The size of the overall market – 5 billion mobile phones, more than half smartphones – is vast, but with the possibility of transactions between connected devices, the sources of commerce will be counted in tens of billions.

Latam and Asia expansion

Bango expanded its presence and business development activity in South Korea to support the growth ambitions of key partners. Through this expansion, Bango will increase payment opportunities for digital, physical and Internet of Things (IoT) services across the region.

Further investment was made across Latin America with key hires to its São Paulo office and the opening of an office in Bogota, Colombia.

Expanding the Bango presence in these regions will support Bango store partners in the one significant region which is relatively undeveloped for the global store providers.

Directors

Rachel is responsible for the overall financial management of Bango, including corporate financial functions and financial relationships with partners. The global reach of Bango requires a wide range of financial and taxation models, Rachel ensures the smooth delivery of this commercial flexibility. Rachel works with Bango's development team and key partners on the design and implementation of new technologies, including the capabilities of the Bango Platform to enable payment to be collected for any type of goods. An experienced finance leader and Chartered Accountant, Rachel spent 5 years in practice at PwC and Grant Thornton, specializing in the audit of the technology and listed sectors.

Rachel Elias-Jones

CFO

Bango

Ray has over 30 years experience in starting, growing and selling businesses. He was named 'Business Person of the Year' in 2012. Ray co-founded Bango in 1999 after realizing that the convergence of the internet with the ubiquity of mobile phones could open up huge opportunities for content and service providers. Prior to Bango Ray established IXI which created the industry standard network GUI - X.desktop. IXI was an early leader in the creation of the web. It sponsored the first ever WWW conference at CERN and shipped the world's first commercial web browser.

Ray Anderson

CEO

Bango

Anil is responsible for Bango's marketing activities and app store partnerships, including device makers, app store providers and global network operators. Anil has extensive experience of creating successful partnerships between technology innovators and major market players in online technologies and OEMs. Before co-founding Bango, Anil developed the major partnerships for Cyberlife Technology, one of Europe's leading computer games technology developers, which resulted in the licensing of the company's 'artificial life' technology by the world's leading games publishers including Warner and Hasbro. Before that he worked with Bango CEO Ray Anderson to establish a technology called X.desktop, which became the global standard for the user interface software on networked computers.

Anil Malhotra

CMO

Bango

Directors

Gianluca is an Angel investor and pioneer in the mobile industry. He has over 25 years' experience of founding, growing and investing in international mobile content and payment businesses. In 2007 he founded Neomobile SPA. As CEO, he grew the business organically and via M&A to become a leading mobile monetization enabler across Europe and Latam. Gianluca has a Non-Executive role on the Neomobile SPA board. Before Neomobile, he held senior management roles at KPMG, Freever, TIM and Telecom Italia. He was named in the 'Top 50 Mobile Execs' 2009, 2010 and 2011 and 'Media Momentum Man of the Year' in 2011.

Gianluca D'Agostino

Non-Executive Director

Bango

David has been an entrepreneur and investor in FinTech companies for the last two decades. He is currently Chairman of IXARIS (a virtual card issuer) and Semafone, a payments technology business which protects consumer privacy. He is also a non-executive Director of Fintrax Group, a tax-free shopping and cross-border payments business. Previously David was Group Chief Executive of Skrill. He went to Skrill from Weve, the joint venture between EE, Telefonica UK (O2) and Vodafone UK, where he was Chief Executive. Prior to that at Travelex, the world's largest non-bank payments provider, he spearheaded the global roll out of the CASH PASSPORT travel card business and Travelex Global Business Payments. In 1999 he was a founder of WorldPay at the genesis of today's FTSE 100 global payments powerhouse.

David Sear

Chairman,

Non-executive Director

Bango

Martin Rigby is co-founder and CEO of Psonar, the internet music service. He is also founder and a managing director of ET Capital, an early investor in Bango. He has been investing in innovative technology businesses for over 25 years, principally in network services, software and hardware. He is Non-executive Chairman of FSE Fund Managers and an advisory board member of the Bettany Centre for Entrepreneurship at Cranfield University.

Martin Rigby

Non-executive Director

Bango

Company information

Company registration number	05386079
Registered office	5 Westbrook Centre Cambridge CB4 1YG
Directors	D Sear - Non-executive Chairman R Anderson - CEO A Malhotra - CMO R Elias-Jones – CFO M Rigby – Non-executive Director G D'Agostino – Non-executive Director
Company Secretary	R Greenhalgh
Bankers	HSBC Bank PLC Vitrum St Johns' Innovation Park Cambridge CB4 0DS
Solicitors	Mills & Reeve LLP Botanic House 100 Hills Road Cambridge CB2 1PH
Independent auditor	Grant Thornton UK LLP Chartered Accountants and Statutory Auditors 101 Cambridge Science Park Milton Road Cambridge CB4 0FY
Nominated adviser and broker	Cenkos Securities Ltd 6.7.8 Tokenhouse Yard London EC2R 7AS
Public relations advisor	FTI Consulting 200 Aldersgate Aldersgate Street London EC1A 4HD
US office	C/O Danal Inc 2833 Junction Avenue #202 San Jose California 95134 USA www.bango.com investors@bango.com

Directors' report

The Directors present the Annual Report and audited financial statements of Bango PLC for the year ended 31 December 2017. The Directors' report should also be read in conjunction with the Bango Strategic report which sets out the principal risks, uncertainties and growth opportunities for Bango.

The Directors and their interests

The Directors who served Bango during the year, together with their beneficial interests in the shares of Bango were as follows:

	Ordinary shares of 20p each 31 Dec 2017	Ordinary shares of 20p each 31 Dec 2016
R Anderson	**6,567,260**	6,628,949
A Malhotra	**3,976,815**	3,986,815
M Rigby	**176,630**	176,630
R Elias-Jones	**4,100**	4,100
G D'Agostino	**37,500**	37,500
D Sear	**-**	-

The Directors' biographies and experiences are shown on pages 13-14.

The Directors' interests in share options of Bango were as follows:

Date of grant	**Option price**	**31 Dec 2017**	31 Dec 2016
		Options to buy ordinary shares of 20p each	
D Sear			
7 February 2011	£1.530	**-**	100,000
R Anderson			
22 September 2017	£2.55	**50,000**	-
21 March 2017	£1.145	**50,000**	-
21 September 2016	£0.89	**50,000**	50,000
16 March 2016	£0.43	**50,000**	50,000
18 September 2015	£0.885	**32,500**	32,500
Total		**232,500**	132,500
A Malhotra			
22 September 2017	£2.55	**50,000**	**-**
21 March 2017	£1.145	**50,000**	**-**
21 September 2016	£0.89	**50,000**	50,000
16 March 2016	£0.43	**50,000**	50,000
18 September 2015	£0.885	**32,500**	32,500
Total		**232,500**	132,500
R Elias-Jones			
22 September 2017	£2.55	**50,000**	**-**
21 March 2017	£1.145	**50,000**	**-**
21 September 2016	£0.89	**50,000**	50,000
16 March 2016	£0.43	**100,000**	100,000
18 September 2015	£0.885	**20,000**	20,000
16 March 2015	£1.060	**20,000**	20,000
22 October 2014	£1.010	**20,000**	20,000
01 April 2014	£1.360	**20,000**	20,000
4 October 2013	£1.260	**12,000**	12,000
26 March 2013	£2.325	**8,000**	8,000
20 September 2012	£1.665	**7,500**	7,500
Total		**357,500**	257,500

On March 08 2017 David Sear relinquished for nil consideration, his 100,000 share options granted in 2011 on his acceptance of chairman of the Bango board. This was following reviews of the accounts by the Institutional Shareholder Service (ISS) which suggested that non-executive Directors should not have share options as best practice. While the Bango board does not agree that non-executive Directors holding share options results in Directors acting against the interests of shareholders, David Sear agreed to relinquish his share options as an act of good faith to shareholders.

The share options were granted to executive directors under the Bango employee share option scheme. All share options are granted with the same conditions. Share options are granted only at market price on the date of the grant and vest over a three year period in twelve equal quarterly instalments. Vested options will lapse unless exercised within ten years of the date of grant or within 90 days of an employee leaving the business unless they are dismissed, in which case they lapse immediately.

Martin Rigby and Gianluca D'Agostino both hold Bango shares but due to the size of their holdings, this is deemed to not affect their independence as non-executive directors.

Share capital

Details of changes in the share capital of Bango during the year are given in note 7 to the financial statements.

Dividends

The Directors have not recommended a dividend (31 December 2016: £nil).

Post balance sheet events

On 23 January 2018 Bango purchased 98.45% of Audiens SRL, a subsidiary of Digitouch SRL, for a mixture of shares and warrants in Bango PLC, cash of €1.48m and a one off fee of €620,000 in exchange for twelve months of services to support the transition of the business from Digitouch to Bango. Further details of the transaction can be found in Note 22.

Research and development

Bango has continued to invest in research and development in the year. As a high growth technology company, the focus is to develop unique technology that takes Bango forward as the ubiquitous payment platform for not just direct carrier billing but all other forms of alternative payments that allow merchants to sell more goods to consumers. Bango has increased its focus on R&D in 2017 taking the platform forward by enabling both the complexities of physical goods and resale to be enabled on the Bango Platform. Further development has begun at the end of 2017 for new products that will be launched in 2018 and details of the internal development work that has been capitalized in the year is in Note 5.2.

Directors' indemnity arrangements

Bango has purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors.

Employment policies

Bango is committed to following the applicable employment laws in each territory in which it operates. Bango is committed to fair employment practices including the prohibition of all forms of discrimination and attempts as far as possible to give equal access and fair treatment to all employees on the basis of merit. Wherever possible Bango provides the same opportunities for disabled people as for others. If employees

Directors' report

become disabled Bango would make reasonable effort to keep them in employment, with appropriate training where necessary.

Bango supports the training needs of its staff and actively works to provide on the job and external training to continue the development of all staff. It is important to maintain an exciting and interesting working environment to fully engage its staff. Bango operates in a global business environment with rapidly changing needs. The Bango values are Success, Personable, Individual, Reliable, Innovation and Transparency. The Bango annual goals are aligned to these values and reviewed on a company wide basis at monthly all hands meetings. Following the Bango SPIRIT values serves both employees and customers' needs.

Health and safety policies

Bango is committed to conducting its business in a manner which ensures high standards of health and safety for its employees, visitors and the general public. Bango complies with all regulatory and other applicable requirements.

Going concern

After making enquiries, at the time of approving the financial statements, the Directors retain a reasonable expectation that Bango has adequate resources to continue in operational existence for the foreseeable future. The Directors expect the current level of investing activities to continue which is supported by the additional funding secured by the FY2018 placement to support the development of Bango Deep and Audiens in FY2018. At 31 December 2017 Bango had cash reserves of £4.8m (£4.5m net of debt) and based on detailed cash flows provided to the Board within the FY2018/19 budget, there is sufficient cash to see Bango through to profitability based on the standard Bango operating model. Revenue is expected to increase again in FY2018 as it did in FY2017 as a result of expansion of the existing Bango activity and known new business activity launched at the end of FY2018 included in the FY2018/19 forecasts. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements and to provide reasonable, but not absolute assurance against material misstatement or loss.

Substantial shareholdings

At 31 December 2017 Bango PLC had been informed of the following interests in addition to the interests of R Anderson and A Malhotra, amounting to 3% or more in the issued ordinary share capital of the company:

	Number	%
Liontrust Asset Management	10,625,363	16.00
Herald Investment Management	8,876,267	13.36
Odey Asset Management LLP	6,690,000	10.07
Hargreave Hale	2,948,100	4.44
Inflection Point Investments LLP	2,850,139	4.29
Cavendish Asset Management	2,616,840	3.94
Killik & Co	2,444,307	3.68

Directors' responsibility

The following statement, which should be read in conjunction with both reports of the auditor set out on page 22, is made to distinguish for shareholders the respective responsibilities of the Directors and of the auditor in relation to the financial statements.

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

Company law requires the Directors to prepare financial statements each financial year. Under that law the Directors have to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and have elected to prepare the parent company financial statements in accordance with IFRS. 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 and profit or loss of the Company and the Group for that period. In preparing these 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 IFRSs 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 Bango will continue in business.

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

- In so far as each Director is aware there is no relevant audit information of which Bango's auditors are unaware
- The Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

The Audit Committee have decided to put the audit of Bango out to tender in 2018, in line with best practice. The process will be completed by the AGM in May 2018 and a resolution passed to appoint auditors at that time.
BY ORDER OF THE BOARD

Company Secretary
R Greenhalgh

Corporate governance report

The Board
The Board is responsible for the overall management of Bango, its strategy and long-term objectives. The Board provides leadership to Bango, based on the best interests of shareholders. The Board has a formal list of matters specifically reserved for its decisions and delegates authority to its various committees as required.

UK Corporate Governance Code
Bango does not comply with the UK Corporate Governance Code. Instead, the Directors have reported on Bango's Corporate Governance arrangements, including those aspects of the UK Corporate Governance Code we consider to be relevant to the Group and best practice.

Board composition
The Board of Bango PLC is made up of the independent Non-Executive Chairman, CEO, CFO, CMO, and two other independent Non-Executive Directors. Details of the Board's experience and interests are shown on pages 13-14 which demonstrate the range of skills and insight that they bring to the Board. It is important that the Non-Executive Directors bring a wide range of skills to the Bango Board in order to provide robust challenges to the Executive Directors and to ensure that shareholders' interests are represented.

The three Non-Executive Directors are all deemed to be independent. All Directors are subject to election by the shareholders at the first Annual General Meeting following their appointment, and to re-election thereafter every three years. After nine years the Non-Executive Directors are subject to election on an annual basis.

Board meetings
The Board meets formally 11 times per year to discuss the strategy, direction and financial performance of the company. Other additional Board meetings occur as required. The Board reviews a detailed management pack each month which enables them to fulfill all of their duties of stewardship. This management pack contains detailed financial information as well as wider resources on the KPIs for Bango. The Non-Executive Directors attend all of the meetings.

	Board	Audit Committee	Remuneration Committee
David Sear	13 (15)	2 (2)	2 (2)
Ray Anderson	15 (15)	2 (2)*	2 (2)*
Rachel Elias-Jones	15 (15)	2 (2)*	2 (2)*
Anil Malhotra	13 (15)	2 (2)*	2 (2)*
Martin Rigby	12 (15)	2 (2)	2 (2)
Gianluca D'Agostino	13 (15)	2 (2)	2 (2)

*By invitation of the committee.
(x) Number of meetings held.

Communications with shareholders
The Board recognizes the importance of regular and effective communication with shareholders. The primary forms of communication are:

- The annual and interim statutory financial reports and associated investor and analyst presentations and reports.
- Announcements relating to trading or business updates released to the London Stock Exchange.
- The Annual General Meeting provides shareholders with an opportunity to meet the Board of Directors and to ask questions relating to the business.

All statutory financial reports, as well as accompanying presentations and additional independent analysts are published on www.bangoinvestor.com and are made available on a timely basis.

Additional Board committees
In line with best practice Bango also has a number of sub committees to ensure good corporate governance. Separate Remuneration and Audit Committees have held regular meetings and are each chaired by a different Non-Executive Director with the independent chairman in attendance. The members of these committees are deemed to have the appropriate knowledge and skills to complete their tasks. They may seek advice and guidance from external parties as required.

Bango does not currently have a nominations committee, instead this role is filled by the Non-Executive Directors, supported by the CEO. This is in line with the QCA Code, which acknowledges that some small and mid-size quoted companies will use the whole Board to consider matters of nomination.

David Sear
Non-executive Chairman

Audit Committee report

Composition
The Audit Committee comprises the Chairman and all other Non-Executive Directors. The Audit Committee as in prior years is chaired by Martin Rigby.

Responsibilities
The Audit Committee meets at least twice a year to review the independent audit report of Bango's auditors and the wider responsibilities set out below:

- Monitor the integrity of the financial statements of Bango.
- Review Bango's internal financial controls and risk management systems.
- Report to the Board, identifying any matters in respect of which it considers that action or improvement is required.
- Ensure a formal channel is available for employees and other stakeholders to express any complaints in respect of financial accounting and reporting.

External Audit
In relation to Bango's external auditors the key responsibilities are:

- Make recommendations to the Board, for it to put to the shareholders for their approval in relation to the appointment of the external auditor and to approve the remuneration and terms of reference of the external auditor.
- Discussion of the nature, extent and timing of the external auditor's procedures and discussion of the external auditor's findings.
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process.
- Develop and implement policy on the engagement of the external auditor to supply non-audit services.

It has been agreed by the Audit Committee that the audit will be put out to tender in 2018 in line with best practice, following the continued appointment of Grant Thornton for 13 years.

Internal Audit
Bango does not currently have an internal audit function, which the Board considers appropriate for a Group of Bango's size, however this is currently under review and an internal audit function may be added during 2018.

Internal control procedures
The Board is responsible for the Bango's system of internal controls and risk management, and for reviewing the effectiveness of these systems. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives.

The key features of Bango's internal controls are described below:

- A clearly defined organizational structure with appropriate delegation of authority.
- The approval by the Board of a one-year budget, including monthly income statements, balance sheets and cash flow statements. The budget is prepared in conjunction with senior managers to ensure targets are feasible.
- The business plan is updated on a periodic basis to take into account the most recent forecasts. On a monthly basis, actual results are compared to the latest forecast and market expectations, and presented to the Board on a timely basis.
- Regular reviews by the Board and by the senior management team of key performance indicators.
- Dual authority is required for all bank payments. Payments are not permitted without an approved invoice signed in accordance with the Bango Delegation of Authority document.
- Reconciliations of key balance sheet accounts are performed and independently reviewed by the finance team. Wherever possible segregation of duties are implemented to provide additional comfort and support on all finance processes.
- All employees must go through initial and periodic security screening in line with requirements from Bango's key customers.
- Appropriate physical security and virtual checks are in place at all Bango locations to protect Bango's assets (fixed and intangible)..
- Appropriate whistleblowing and escalation points are established and communicated to staff to provide a safe and secure forum for employees to escalate matters.
- A disaster recovery plan and back-up system is documented and in place.

The Board in conjunction with the Audit Committee keeps under review Bango's internal control system on a periodic basis. An internal cross functional Infosec team also meets periodically to review the controls and processes in place for Bango.

Martin Rigby
Audit Committee Chairman

Remuneration committee report

Composition
The Remuneration Committee comprises all of the Non-Executive Directors and is chaired by Gianluca D'Agostino. The committee meets at least twice a year, and may meet more frequently due to the needs of the business.

Responsibilities
The Committee's main role and responsibilities are as follows:

- To review, and determine on behalf of the Board, the specific remuneration and incentive packages for each of Bango's Executive Directors.
- To review, and make recommendations to the Board in respect of the design of remuneration structures and levels of pay and other incentives for employees of Bango, including share option awards and any adjustments to the terms of share ownership and share option schemes.
- To be responsible for reporting to Bango's shareholders in relation to remuneration policies applicable to Bango's Executive Directors.
- To monitor and approve the grants of all share option schemes to employees.

The Committee may invite the CEO and CFO to attend meetings of the Remuneration Committee. The CEO is consulted on proposals relating to the remuneration of the CFO and of other senior executives of the Group. The CEO and CFO are not involved in setting their own remuneration.

The Committee may use remuneration consultants to advise it in setting remuneration structures and policies. The Committee is exclusively responsible for appointing such consultants and for setting their terms of reference. In 2017 no independent consultants were consulted, as the Committee were deemed to have sufficient skills to determine the appropriate levels of remuneration.

The Committee's terms of reference are reviewed and approved by the Board. These are available for inspection at Bango's registered office.

Remuneration policy
Bango's policy on remuneration is to provide a package of benefits, including salary, performance-related bonuses and share options, which reward success and individual contributions to Bango's overall performance appropriately, while avoiding paying more than is necessary for this purpose. In addition, the Committee takes into account remuneration packages of comparable companies when making recommendations to the Board. Bango only offers a base salary, performance related bonuses, share options and a workplace pension to Directors.

Annual salary
Salaries are set at a level appropriate for the role and the individual in relation to the performance of the business and the current market rates. A review of salaries to market rates is conducted in assessing the rates for the Executive Directors.

Bonus scheme
Performance-related elements of remuneration are designed to align the interests of Executive Directors with those of shareholders and accordingly are set as a significant proportion of total

remuneration. The awarding of a bonus is based upon a series of success factors including financial and non-financial criteria. These success factors are linked to the long-term development of Bango. The success factors include company financial goals (such as EUS targets and reducing LBITDA) shared by all Directors and individual targets for each Director based on their roles and responsibility.

The board reserves the right to enforce claw back terms related to the bonus if it is discovered that any of the terms under which the bonus was granted change.

Share options
Bango considers that active participation in a share option plan is an effective means of incentivizing and retaining high quality people. The Bango employee share option scheme has been successfully operated since 2005 and is a key benefit for all staff. Executive Directors and employees are eligible to participate in the scheme on completion of an agreed probationary period. The number of options awarded to all staff is directly related to their contribution to the future growth of Bango.

Share options are granted following a review of staff performance by the wider leadership team, who then make recommendations to the Committee. Share options may only be granted after approval by the Committee and in line with the restrictions set out under the companies share option plan. All options are granted at the market rate at the date of grant. The options do not fully vest for three years, if an employee or Director does not perform in their role then their contract of employment is terminated and their share options lapse immediately.

Further details of the option plan and outstanding options as at 31 December 2017 are given in note 7 to the financial statements.

Details of share options and shares held by Directors in Bango are shown in the Directors' report on page 16.

Pensions
Executive Directors may participate in the Bango defined contribution pension scheme or chose to pay into their own private pension scheme. In line with requirements for all employees and following a mandatory legal increase, the pension contribution percentage increased in the year from 1% to 2% under auto-enrollment rules. There have been no changes to the Bango pension policy in the year and there are no unfunded pension contributions in the year.

Non-executive Directors are not able to participate in the Bango pension scheme.

Service agreements
The Executive Directors have service agreements with Bango.net Ltd. The agreements include restrictive covenants which apply during employment and for a period of twelve months after termination. The agreements can be terminated on twelve months' notice in writing by either Bango or by the Executive Director.

Non–executive Directors
The remuneration of the Non-executive Directors is determined by the Executive Directors. Their appointments can be terminated on three months' notice in writing by Bango.

Remuneration committee report

Directors’ emoluments

Details of remuneration in respect of the Directors is as follows:

31 December 2017	Wages and salaries	Variable pay	Pension and other benefits	Total
	£	£	£	£
R Anderson	150,000	56,250	2,255	208,505
A Malhotra	140,000	48,750	3,412	192,162
R Elias-Jones	126,667	-	2,866	129,533
M Rigby	22,500	-	-	22,500
G D’Agostino	22,500	-	-	22,500
D Sear	55,333	-	-	55,333
	517,000	105,000	8,533	630,533

During the year Bango was invoiced £42,000 by Fusion Mobile Value Limited, a company of which Gianluca D’Agostino is sole director. The amount invoiced relates to consultancy work carried out by Gianluca D’Agostino in the year.

31 December 2016	Wages and salaries	Variable pay	Pension and other benefits	Total
	£	£	£	£
R Anderson	150,000	48,000	1,650	199,650
A Malhotra	140,000	40,000	1,860	181,860
R Elias-Jones (appointed 14 March 2016)	90,526	-	1,567	92,093
M Rigby	19,125	-	-	19,125
G D’Agostino (appointed 18 November 2016)	3,750	-	-	3,750
D Sear	42,000	-	-	42,000
G Tucker (resigned 18 November 2016)	118,983	-	5,725	124,708
R Burger (resigned 18 November 2016)	17,250	-	-	17,250
	581,634	88,000	10,802	680,436

Gianluca D’Agostino
Remuneration Committee Chairman

Independent auditor's report to the members of Bango PLC

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Bango plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017, which comprise the Consolidated statement of financial position, the Consolidated statement of comprehensive income, the Consolidated cash flow statement, the Consolidated statement of changes in equity, the parent company Statement of financial position, the parent company Statement of changes in equity, the parent company Cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent 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 as applied to listed entities, 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.

Who we are reporting to

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.

Conclusions relating to going concern

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

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

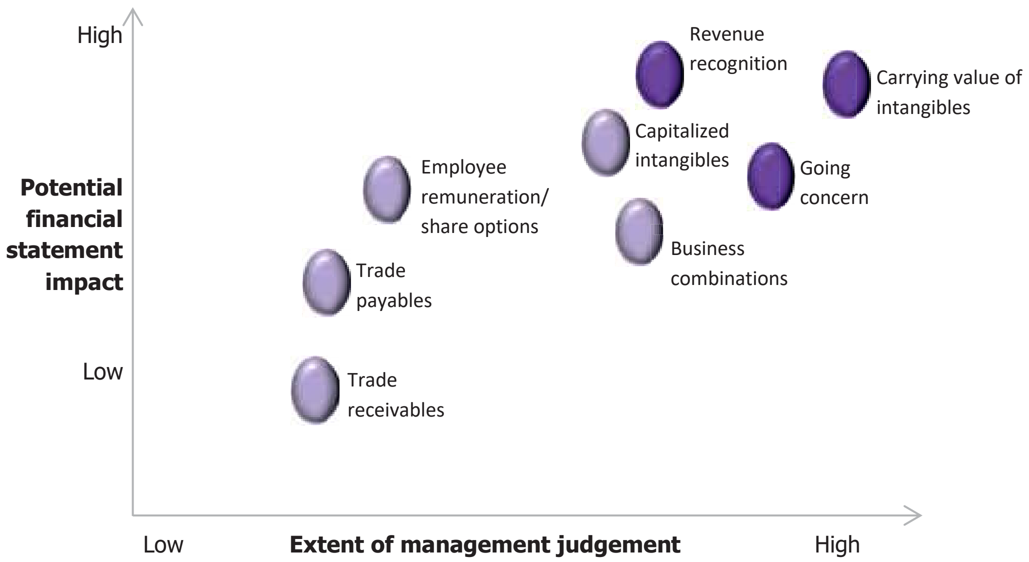
Independent auditor's report to the members of Bango PLC

Overview of our audit approach

- Overall materiality: £177,000, which represents 5% of the group's loss before taxation;
- Key audit matters were identified as the carrying value of intangible assets and the presumed risk of improper revenue recognition;
- We audited the financial statements of Bango plc and the financial information of Bango.net Limited and Bango Payments Limited, which accounted for 82% of the group's loss before taxation. For the remaining nine components, we performed targeted and analytical audit procedures to respond to the risk of material misstatement.

Key audit matters

The graph below depicts the audit risks identified and their relative significance based on the extent of the financial statement impact and the extent of management judgement.



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor’s report to the members of Bango PLC

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Carrying value of intangible assets The group has development costs (£4.0m), acquired intangible assets (£0.9m) and goodwill (£1.2m). There is the risk that the carrying value of intangible assets exceeds the recoverable value. Indicators of impairment are assessed on an annual basis, and management use significant judgements, such as the discount rate and timing of future cash flows, when performing impairment reviews. The Directors and management consider that there are two cash generating units (CGUs), BilltoMobile Inc (B2M) and the Bango.net payment platform. Revenues from contracts acquired on the purchase of B2M are allocated to the B2M CGU when assessing impairment, and all intangible assets in relation to capitalised development costs are allocated to the payment platform when assessing this for impairment. We identified a risk that development costs are wrongly capitalised in the year, and do not meet the criteria set out in International Accounting Standard (IAS) 38 ‘Intangible assets’. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, we therefore identified the carrying value of intangible assets as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Assessing whether the accounting policy for amortisation was compliant with IFRS as adopted by the European Union and whether the group had accounted for amortisation in accordance with that policy, including whether it was consistent with the prior year; • Recalculation of the amortisation for the year; • Checking the assumptions used and mathematical accuracy of the impairment models; • Assessing the appropriateness of the discount rate used in the calculations by using an auditor’s expert; • Testing the accuracy of management’s assumptions and inputs to their impairment models by comparing the 2017 budgeted sales and gross profit to the results achieved for the year; • Discussing and corroborating the ongoing viability of projects with relevant Group personnel; and • Assessing management’s review of possible impairment of intangible assets and challenging the basis of key assumptions used; and • To agree the correct capitalisation (in accordance with IAS 38), we tested a sample of amounts capitalised as development costs during the year, split between staff costs, consultancy costs, software and overheads. The group's accounting policy on the capitalisation and impairment of intangible assets is shown in notes 3.4 and 3.5 to the financial statements and related disclosures are included in note 5. **Key observations** Our testing did not identify any material misstatements in the carrying value of the development costs, acquired intangible assets and goodwill. We found no reason for impairment of intangible assets or any additional factors to be considered that would affect the carrying value of intangible assets recognised within the financial statements and we found no material errors in calculations. We also did not find any issues with the capitalisation of development costs in the year.
Presumed risk of improper revenue recognition Under International Standard on Auditing (UK) 240 “The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements”, there is a rebuttable	Our audit work included, but was not restricted to: • End user spend (EUS) has been tested by obtaining and reconciling monthly operator analysis reports to the financial statements. We rationalised the resultant margin by multiplying EUS by the average margin for each operator,

Independent auditor's report to the members of Bango PLC

Key Audit Matter – Group	How the matter was addressed in the audit – Group
presumed risk that revenue may be misstated due to the improper recognition of revenue. Revenue is split into two streams, end user activity (EUS) and other fees. An area of management judgement is around the whether the transactions should be accounted for on an agency or principal basis. This is assessed by management on a contract by contract basis. As a result of these judgements we identified improper revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.	each month. The margin percentages were confirmed by tracing a sample of operators back to underlying contracts; • The split between agent and principal contracts was calculated, more than 99% of the revenue is based on an agency agreements; • Assessing whether the accounting policy in respect of revenue recognition was compliant with IFRS and whether the group had accounted for revenue in accordance with that policy; and • We have supplemented our testing with analytical review of revenue recognised in the year including testing of variances and ratio analysis. The group's accounting policy on revenue recognition is shown in note 3.12 to the financial statements and related disclosures are included in note 4. **Key observations** Our audit work did not identify any material errors in the occurrence of revenue recognised in the year or any material instances of revenue not being recognised in accordance with the stated accounting policy. The proportion of revenue generated from principal agreements is now wholly immaterial, so as a result the financial statements only disclose the margin made on each end-user transaction.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£177,000, which is 5% of the Group's loss before taxation. This benchmark is considered the most appropriate because the net trading result is a key measure used by management and shareholders in assessing the performance of the business, and is a generally accepted audit benchmark. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2016 to reflect the fact that the group has reduced its loss for the year.	£159,000, which is 1% of total assets, capped at 90% of group materiality. This benchmark is considered the most appropriate because the parent entity holds investments in subsidiaries and does not actively trade. A revenue or profit based benchmark is not appropriate because the parent company is not revenue generative and incurs minimal costs. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2016 to reflect the fact that, despite an increase in total assets, parent company materiality is capped at 90% of group materiality and Group materiality on which it is based has fallen.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	We also determine a specific level of materiality for certain areas such as Directors' remuneration, related party transactions and End User Spend (EUS).	We also determine a specific level of materiality for certain areas such as Directors' remuneration, related party transactions and End User Spend (EUS).

Independent auditor's report to the members of Bango PLC

Communication of misstatements to the audit committee	£8,850 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£7,950 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality. Significance was determined as a percentage of the Group's total assets, revenues and profit before taxation;
- we undertook an interim visit, and assessed the group's internal processes and control environment before starting any of our year-end procedures;
- all of the UK entities, being Bango plc, Bango.net Limited and Bango Payments Limited had a full scope audit (covering 82% of the group's loss before taxation and 91% of the group's revenue);
- BilltoMobile, the main trading entity in the US, had a targeted review over its revenue and intangible assets to give us assurance over the group opinion;
- all eight other overseas components were reviewed analytically to give us assurance over the group opinion;
- all audit work was undertaken by the group audit team, no component auditors were involved; and
- there have been no significant scope changes compared to the prior year.

Other information

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

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

We have nothing to report in this regard.

Independent auditor's report to the members of Bango PLC

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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 under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 17, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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.

Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
12 March 2018

Consolidated statement of financial position

	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Property, plant and equipment	5	**556,863**	294,565
Intangible assets	5	**6,130,190**	6,017,061
		6,687,053	6,311,626
Current assets			
Trade and other receivables	6	**2,013,088**	1,821,796
Research and Development tax credits	6	**421,215**	318,857
Cash and cash equivalents		**4,847,203**	5,696,517
		7,281,506	7,837,170
Total assets		**13,968,559**	14,148,796
EQUITY			
Capital and reserves attributable to equity holders of the parent company			
Share capital	7	**13,284,561**	13,029,124
Share premium account		**31,248,453**	30,323,341
Merger reserve		**1,236,225**	1,236,225
Other reserve		**2,350,701**	2,211,136
Foreign exchange revaluation reserve		**78,318**	135,187
Accumulated losses		**(37,474,820)**	(34,579,125)
Total equity		**10,723,438**	12,355,888
LIABILITIES			
Current liabilities			
Trade and other payables	8	**2,967,538**	1,697,354
Finance lease liabilities	9	**99,889**	82,149
		3,067,427	1,779,503
Non-current liabilities			
Finance lease liabilities	9	**177,694**	13,405
		177,694	13,405
Total liabilities		**3,245,121**	1,792,908
Total equity and liabilities		**13,968,559**	14,148,796

These financial statements were approved by the Directors on 12 March 2018 and are signed on their behalf by:

R Anderson
Director

R Elias-Jones
Director

Company registration number 05386079

The notes on pages 32 to 58 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Note	**31 Dec 2017 £**	31 Dec 2016 £
Alternative performance measure (Non-IFRS)			
End User Spend	4	**271,356,080**	132,290,981
Revenue	4	**4,151,939**	2,624,187
Cost of sales	4	**(2,439)**	(7,054)
Gross profit		**4,149,500**	2,617,133
Other administrative expenses	10	**(5,717,516)**	(5,039,873)
Non-recurring items	11	**(59,463)**	(376,013)
Share based payments	10	**(679,023)**	(359,373)
Depreciation	5	**(188,496)**	(319,284)
Amortization and impairment	5	**(1,396,541)**	(1,150,822)
Total administrative expenses		**(8,041,039)**	(7,245,365)
Operating loss		**(3,891,539)**	(4,628,232)
Interest payable	11	**(51,458)**	(53,661)
Investment income	14	**20,858**	30,363
Loss before taxation		**(3,922,139)**	(4,651,530)
Income tax	15	**486,986**	238,413
Loss for the financial year		**(3,435,153)**	(4,413,117)
Other comprehensive Income			
Foreign exchange on consolidation		**(56,869)**	135,187
Loss and total comprehensive loss for the financial year		**(3,492,022)**	(4,277,930)
Loss per share attributable to the equity holders of the parent			
Basic loss per share	16	**(5.22)**	(6.81)
Diluted loss per share	16	**(5.22)**	(6.81)

All of the activities of the Group are classed as continuing.

The notes on pages 32 to 58 are an integral part of these consolidated financial statements

Consolidated cash flow statement

	Note	31 Dec 2017 £	31 Dec 2016 £
Net cash used by operating activities	**17**	**(253,675)**	(2,646,857)
Cash flows used by investing activities			
Purchases of property, plant and equipment		**(450,794)**	(106,554)
Addition to intangible assets		**(1,509,670)**	(3,425,134)
Interest received		**20,858**	30,363
Net cash used by investing activities		**(1,939,606)**	(3,501,325)
Cash flows generated from financing activities			
Proceeds from issuance of ordinary shares		**1,180,549**	85,948
Costs associated with issuance of ordinary shares		**-**	(2,668)
Interest payable		**(51,458)**	(53,661)
Capital payable on finance lease obligations		**(89,571)**	(268,466)
Capital received on finance lease obligations		**271,600**	-
Net cash (used)/generated from financing activities		**1,311,120**	(238,847)
Net (decrease)/increase in cash and cash equivalents		**(882,161)**	(6,387,029)
Cash and cash equivalents at beginning of year		**5,696,517**	12,135,326
Exchange differences on cash and cash equivalents		**32,847**	(51,780)
		5,729,364	12,083,546
Cash and cash equivalents at end of year		**4,847,203**	5,696,517

The notes on pages 32 to 58 are an integral part of these consolidated financial statements

Consolidated statement of changes in equity

	Share Capital £	Share Premium account £	Merger reserve £	Other reserve £	FER reserve £	Retained Earning £	Total £
Balance at 1 January 2016	**12,886,350**	**30,101,510**	**1,236,225**	**1,896,842**	**-**	**(30,211,087)**	**15,909,840**
Share based payments	-	-	-	359,373	-	-	359,373
Share based payments transfer for exercised share options	-	-	-	(45,079)	-	45,079	-
Exercise of share options	25,555	60,393	-	-	-	-	85,948
Issue of new shares	117,219	164,106	-	-	-	-	281,325
Expense of share issue	-	(2,668)	-	-	-	-	(2,668)
Transactions with owners	**142,774**	**221,831**	**-**	**314,294**	**-**	**45,079**	**723,978**
Loss for the year	-	-	-	-	-	(4,413,117)	(4,413,117)
Other comprehensive income							
Foreign exchange on consolidation	-	-	-	-	135,187	-	135,187
Total comprehensive income for the year	-	-	-	-	135,187	(4,413,117)	(4,277,930)
Balance at 31 December 16	**13,029,124**	**30,323,341**	**1,236,225**	**2,211,136**	**135,187**	**(34,579,125)**	**12,355,888**

	Share Capital £	Share Premium account £	Merger reserve £	Other reserve £	FER reserve £	Retained Earning £	Total £
Balance at 1 January 2017	**13,029,124**	**30,323,341**	**1,236,225**	**2,211,136**	**135,187**	**(34,579,125)**	**12,355,888**
Share based payments	-	-	-	679,023	-	-	679,023
Share based payments transfer for exercised share options	-	-	-	(539,458)	-	539,458	-
Exercise of share options	255,437	925,112	-	-	-	-	1,180,549
Transactions with owners	**255,437**	**925,112**	**-**	**139,565**	**-**	**539,458**	**1,859,572**
Loss for the year	-	-	-	-	-	(3,435,153)	(3,435,153)
Other comprehensive income							
Foreign exchange on consolidation	-	-	-	-	(56,869)	-	(56,869)
Total comprehensive income for the year	-	-	-	-	(56,869)	(3,435,153)	(3,492,022)
Balance at 31 December 17	**13,284,561**	**31,248,453**	**1,236,225**	**2,350,701**	**78,318**	**(37,474,820)**	**10,723,438**

The notes on pages 32 to 58 are an integral part of these consolidated financial statements.

Notes to the financial statements

1 General information

Bango PLC ("the Company") was incorporated on 8 March 2005 in the United Kingdom. Bango PLC is domiciled in the United Kingdom. The address of the registered office of the Company, which is also its principal place of business, is given on page 15. Bango PLC's shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM").

The principal activity of Bango during the year was the development, marketing and sale of technology to enable mobile phone users to easily make payments for goods and services on connected devices.

The financial statements for the year ended 31 December 2017 (including the comparatives for the year ended 31 December 2016) were approved by the Board of Directors on 12 March 2018.

2 Basis of preparation

The Group financial statements, which consolidate those of Bango PLC and all of its subsidiaries, have been prepared under the historical cost convention and under the basis of going concern.

Bango has prepared its Report and accounts for the year ended 31 December 2017, in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006. IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.20.

These financial statements are presented in pounds sterling (GBP) because that is the presentation currency of Bango. Every entity within the group has its own functional currency. The Brazilian, Japanese, Spanish, Nigerian and US subsidiaries, perform sales and support functions in country for services provided by Bango.net Limited to customers. The local ledgers and accounts are prepared in accordance with local accounting standards. The majority of the groups costs are incurred in sterling, and cash is mostly held in sterling. Foreign operations are included in accordance with the policies set out in notes 3.15.

2.1 Going concern

Bango had cash of £4.8m at 31 December 2017 (31 December 2016: £5.7m) and financing debt of £0.3m (31 December 2016: £0.1m). The cash flow forecasts of Bango anticipate increased cash generation in the future, from current trading operations as a result of our deals with merchants. For this reason, the going concern basis has continued to be adopted in the preparation of the financial statements.

A fundraise was carried out in January 2018, generating cash for further development (see Directors Report for detailed disclosure).

3 Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

3.1 Basis of consolidation

On 9 June 2005 Bango PLC acquired the entire issued share capital of Bango.net Limited by way of a share for share exchange. As the shareholders were the same before and after this transaction, the share for share exchange qualifies as a common control transaction and falls outside of the scope of IFRS 3, Business Combinations.

No goodwill has been recorded and the difference between the parent company's cost of investment and Bango.net Limited's share capital and share premium is presented as a merger reserve within equity on consolidation.

The consolidated financial statements incorporate the financial statements of Bango PLC and all entities controlled by it after eliminating internal transactions. Control is achieved where the Group has the power to govern the financial and operating policies of a Group undertaking so as to obtain economic benefits from its activities. Subsidiary undertakings' results are adjusted, where appropriate, to conform to Group accounting policies.

3.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Residual values and useful economic lives are assessed annually. Depreciation is provided to write off the cost of all property, plant and equipment to its residual value on a straight-line basis over its expected useful economic lives, which are as follows:

Leasehold improvements	20% straight-line
Office equipment	20% straight-line
Computer equipment	33.3% straight-line

Property plant and equipment also include computer equipment held under finance leases.

3.3 Intangible assets

Intangible assets are measured initially at historical cost and are amortized on a straight-line basis over the expected useful economic lives:

Domain names	33.3% straight-line
Internal development	20% straight-line

3.3.1 Goodwill

Goodwill is the difference between the amount by which the fair value of the cost of a business combination exceeds the fair value of net assets acquired. Goodwill is not amortized and is stated at cost less any accumulated impairment losses. The goodwill is tested for impairment annually or when events would indicate that it might be impaired. Impairment charges are deducted from the carrying value and recognized immediately in profit or loss. For the purpose of impairment testing, goodwill is allocated to the trade and assets acquired. An impairment loss recognized for goodwill is not reversed in a subsequent period.

3.3.2 Acquisition related intangible assets

Net assets acquired as part of a business combination includes an assessment of the fair value of separately identifiable acquisition related intangible assets, in addition to other assets and contingent liabilities purchased. These are amortized over their useful lives which are individually assessed. The estimated useful economic life for customer contracts and relationships is 10 years.

Notes to the financial statements

3.4 Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from Bango's development activities is recognized only if all of the following conditions are met:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale.
- Bango intends to complete the intangible asset and use or sell it.
- Bango has the ability to use or sell the intangible asset.
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits.
- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Internally-generated intangible assets are amortized on a straight-line basis over their useful economic lives. Where no internally-generated intangible asset can be recognized, development expenditure is recognized as an expense in the period in which it is incurred.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the intangible asset to be capable of operating in the manner intended by management. Directly attributable costs comprise employee salary and other employment costs incurred, on a time apportioned basis, as well as a proportion of attributable overhead costs. These costs are recognized as intangible assets. Development costs previously recognized as an expense are not included in the amount recognized as an asset. Until completion of the project, these assets are subject to impairment testing only. Amortization commences upon completion of the asset, and is shown within administrative expenses in the statement of comprehensive income.

3.5 Impairment of property, plant and equipment and intangible assets

At each balance sheet date, Bango reviews the carrying amounts of its property, plant and equipment and individual intangible assets for any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of the fair value less costs to sell and value in use. Until completion of the development project, when amortization can be charged on the intangible asset, the assets are subject to an annual impairment test.

3.6 Loans and receivables

a) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits available on demand, together with other short term highly liquid investments.

b) Trade and other receivables

Trade and other receivables are recognized initially at fair value and are measured subsequent to initial recognition net of any provision for impairment. Any change in their value through impairment or reversal of impairment is recognized in profit or loss.

Provision against trade receivables is made when there is objective evidence that Bango will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of the estimated receivable.

3.7 Trade and other payables

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

3.8 Income taxes

Current income tax liabilities comprise those obligations to fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement, except where it relates to items recognized outside profit or loss.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by Bango and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to Bango are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized as a component of tax expense in the income statement, except where it relates to items charged or credited directly to other comprehensive income, when it is recognized in other comprehensive income. Deferred tax relating to items recognized directly in equity is recognized directly in equity.

3.9 Operating lease agreements

Rentals applicable to operating leases where the risks and rewards of ownership are not transferred are charged to profit or loss net of any incentives received from the lessor on a straight-line basis over the period of the lease. When IFRS 16 is adopted the operating leases of Bango, disclosed in note 9, will become recognized on the statement of financial position.

Notes to the financial statements

3.10 Finance lease agreements
all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments.

Minimum lease payments made under finance leases are apportioned between the financial expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.11 End User Spend
End User Spend (EUS) is the total value of sales processed through the Bango Platform net of taxes. EUS shows the growth of business through the Bango Platform, and is the most significant Key Performance Indicator that management uses to measure the development of the business and the success of Bango partners.

This is reported on the consolidated statement of comprehensive income as a non IFRS KPI and in Note 4 on revenue as EUS is directly linked to Bango's revenue.

3.12 Revenue recognition
Revenue is measured by reference to the fair value of consideration receivable by Bango for services provided, excluding taxes. There are two separable revenue streams in Bango.

3.12.1 Revenue linked to End user activity
Bango revenue is a mixture of agency and principal models:

- Agency model – where Bango is not the merchant of record
- Principal model – where Bango is the merchant of record, buying and reselling the content to end users

The proportion of business that is principal model is now immaterial in comparison to the agency model business, therefore Bango only reports its margin from every transaction through the Platform, regardless of commercial model, as revenue.

Bango revenue is the fee from each transaction through the Bango Platform. It does not reflect the different commercial models. Bango receives a fee for every transaction through the Bango Platform, so growing EUS leads to increased revenue.

3.12.2 Other fees
Revenue from other fees relates to all revenue not generated from EUS, such as one off connection or support fees:

- Connection fees – where Bango charges the payment provider or the merchant for connecting to the Bango Platform. Revenue is recognized when certain stages of completion are reached, including signing of commercials, delivery of technical design and activation of routes.
- Support fees – where Bango provides monthly services which are recognised at point of invoice.

Other fees are additive to the Bango revenue, but the internal forecasts of the business are based on their being sufficient EUS revenue to cover the operating costs of the business.

3.13 Employee benefits
All accumulating employee-compensated absences that are

Assets held under leases which transfer to Bango substantially unused at the balance sheet date are recognized as a liability. Payments to defined contribution retirement benefit schemes are charged as an expense in the period to which they relate.

3.14 Share-based payment transactions
Bango issues equity settled share-based compensation to certain employees (including Directors). Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the estimate of the shares that will eventually vest. These estimates are subsequently revised if there is any indication that the number of options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods.

Fair value is measured by an external valuer using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. No adjustment is made for performance conditions as these do not form a condition of the option agreement.

If the terms of an equity-settled transaction were to be modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense would be recognized for any increase in the value of the transaction as a result of the modification, as measured by the date of modification, over the remaining vesting period. To date Bango has not modified any equity-settled transactions.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the due date of the cancellation, and any expense not yet recognized for the transaction is recognized immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph. Once exercised, the share based payment expense previously recognized is transferred from Other reserves to Retained earnings. Share-based payment transactions are shown separately in the statement of comprehensive income. Additional information is provided in note 7.

3.15 Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the date of the transaction. Exchange gains and losses are included in the profit or loss for the period.

3.16 Segment reporting
In identifying Bango operating segments the chief operating decision maker reviews two service lines. These are the provision of a mobile payment platform allowing end users to purchase goods and services, and the provision of services to digital merchants and other organizations. The revenue generated from each of these segments is separately reported but where costs and assets are managed and utilized on a group basis, these are not allocated to a segment.

Notes to the financial statements

3.17 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in profit or loss. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument.

Dividends and distributions relating to equity instruments are debited direct to equity. Interest income and expenses are reported on an accrual basis using the effective interest method.

3.18 Share capital and reserves

Share capital

Ordinary shares are classified as equity. Equity instruments issued by Bango PLC are recorded at the proceeds received, net of direct issue costs.

Share premium

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Merger reserve

The merger reserve represents the difference between Bango PLC's cost of investment and a subsidiary's share capital and share premium where a group reorganization qualifies as a common control transaction.

Other reserve

The other reserve represents equity-settled share-based employee remuneration recognized over the vesting period.

Foreign exchange reserve

The foreign exchange reserve represents translation differences arising from the translation of the Bango subsidiaries financial statements which are held in local currency into the consolidated Bango accounts which is reported in GBP. This reserve only arises at consolidation.

Retained earnings

Retained earnings include all current and prior period retained profits.

3.19 Non-recurring items

Non-recurring items are those significant items which are disclosed by virtue of their size of incidence to enable a full understanding of the financial performance (note 11b).

3.20 Significant accounting estimates and judgements

Revenue recognition

As discussed in policy note 3.12 there are a number of key judgements taken by management in determining the most appropriate presentation of revenues generated from services to end users. The Directors consider the principal model element to be immaterial for the current and prior year.

Deferred tax

A deferred tax asset is recognized where Bango considers it probable that a tax credit will be received in the future. This specifically applies to tax losses and to outstanding vested share options at the balance sheet date. No deferred tax asset is currently being recognized due to the unpredictability of future taxable trading profits from which these differences may be deducted (note 15).

Finance leases

Judgement is applied when considering the substance of a lease agreement and whether it should be recognized as either a finance lease or an operating lease. Management use the following criteria in reviewing the contract to determine the classification; rights to the asset at the end of the lease term, the present value of the minimum lease payments in relation to the asset's fair value, length of the lease term in relation to the useful economic life of the asset and the obligations to insure and maintain the asset.

During previous years the group has entered into a number of computer equipment leases that it has deemed to be a finance lease based on the assessment of the key criteria. The carrying value of finance leases at 31 December 2017 is £277,583 (2016: £95,544).

Development costs

Judgement is applied when deciding whether the recognition requirements for development costs have been met, based on the information available at each balance sheet date. The economic success of any product development is uncertain at the time of recognition as it may be subject to future technical problems and therefore impairment reviews are completed for each project on the balance sheet date. The carrying value of capitalized development costs is £4,031,919 (2016: £3,638,080).

At the end of 2017 one project was partially impaired, due to R&D work superseding previous work done. No other impairments have been recognized based on expected future revenues.

Acquisition accounting

Acquired assets are accounted for in accordance with IFRS3 Business Combinations following a detailed review of the fair value of the assets by an independent third party. The business separates out the underlying assets which include software, customer relationships and trade names based on the attributable values that can be apportioned directly to them, and the remaining difference in the value is shown as goodwill. The acquired assets are amortized over a five-year period, goodwill is not amortized. All acquired assets are tested annually for impairment.

No impairment is recognized based on current estimates of future revenue streams expected to be derived from acquired assets.

3.21 Standards and interpretations not yet applied by the Group

For the purpose of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 January 2017. There was no impact on the presentation of financial statements of Bango PLC other than in disclosure. No new standards, amendments or interpretations to existing standards that have been published

Notes to the financial statements

and that are mandatory for the Group's accounting periods beginning on or after 1 January 2017, or later periods, have been adopted early. The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the Bango's financial statements.

IFRS 15 has not yet been implemented, however Bango has considered the potential impact of implementing the new standard on future accounting of revenue. Criteria considered have included the contract, the nature of the service, the timescales for delivery and the length of the service. The two revenue streams – EUS and other fees – have been considered separately.

It is considered suitable that Bango continue to recognize EUS revenue at the point in time that the transaction is completed. For digital goods this is at either the point of purchase or enablement. For retail goods the revenue is recognized when the goods are dispatched to the consumer.

For most transactions Bango is not the seller of record, has not produced the goods and is not responsible for the customer support. Bango has the performance obligation to make sure that the Bango Platform, that enables payment processing or subscription to take place and be accounted for, is available.

Other fees relate to merchants remaining connected to the Bango Platform. The fees are charged monthly to connect to the Bango Platform. There are no direct costs associated to the revenue, therefore it is deemed appropriate to recognize the monthly fee each month in line with invoicing.

For the contracts that Bango currently has, IFRS 15 is expected to have no quantitative impact, however a more detailed assessment will be conducted before adoption at 30 June 2018.

IFRS 16 Leases (IASB effective date 1 January 2019) will bring all operating leases onto the balance sheet in line with the accounting treatment for finance leases. This will bring the lease of Bango's Cambridge office on to the statement of financial position, but it is not expected to have a material impact on the income statement.

IFRS 9 Financial Instruments (effective date 1 January 2018) will not have a material impact on the financial statements.

The above standards and interpretations are not expected to have any significant impact on the financial statements when applied, except for additional disclosures when the relevant standard comes into effect.

3.22 Related party transactions

Bango's related parties include its Directors and key management personnel. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are settled in cash.

The only transactions with Directors are noted in the Directors remuneration note in the accounts, see note 13. There was minimal trading in the year with Fusion Mobile Value Ltd whose Board includes some of the Directors of Bango PLC.

Notes to the financial statements

4 Segment reporting

(a) End User Spend
As a non IFRS alternative performance measure, Bango has identified EUS as its key performance indicator on which all management decisions surrounding investment in the platform and development of intangible assets are based. Key business decisions are based on the total value and volume of transactions that Bango has processed in each month through its payment platform. Therefore, to give additional information to key stakeholders of Bango and to assist users of these financial statements, Bango includes this additional reporting.

	31 December 2017	31 December 2016
	£	£
End User Spend	**271,356,080**	132,290,981

(b) Revenue and gross profit
Bango, based on the information reviewed by the chief operating decision maker, identifies two operating segments. Management reporting is based principally on the type of customer and strategic decisions are made on the basis of the gross profit generated from each segment. The segments are not separately managed and therefore Bango's operations and its research and development activity are considered group operations and are not allocated to any operating segment. Segment information can be analyzed as follows for the reporting periods under review.

12 months to 31 December 2017

	End user activity	**Other fees**	**Group**	**Total**
	£	**£**	**£**	**£**
Segment revenue	4,080,987	70,952	-	4,151,939
Cost of sales – payment providers	(2,439)	-	-	(2,439)
Segment gross profit	**4,078,548**	**70,952**	**-**	**4,149,500**
Administrative expenses	-	-	(5,717,516)	(5,717,516)
Non-recurring items	-	-	(59,463)	(59,463)
Share based payments charge	-	-	(679,023)	(679,023)
Depreciation	-	-	(188,496)	(188,496)
Amortization and impairment	-	-	(1,396,541)	(1,396,541)
Interest payable	-	-	(51,458)	(51,458)
Interest income	-	-	20,858	20,858
Segment net profit/ (loss)	**4,078,548**	**70,952**	**(8,071,639)**	**(3,922,139)**
Segment assets	1,451,542	-	12,517,017	13,968,559
Segment liabilities	(2,479,707)	-	(765,414)	(3,245,121)
Net assets	**(1,028,165)**	**-**	**11,751,603**	**10,723,438**

Bango has two revenue streams, which it reports separately. Firstly, revenue from transaction fees due to EUS, secondly, revenue from other fees paid by merchants to connect to Bango and other services.

Group assets include non-current assets and cash and cash equivalents. Group liabilities relate to administrative expenses.

Non-current assets are all based in the UK.

Notes to the financial statements

12 months to 31 December 2016

	End user activity	Other fees	Group	Total
	£	£	£	£
Segment revenue	2,410,871	213,316	-	2,624,187
Cost of sales – payment providers	(7,054)	-	-	(7,054)
Segment gross profit	**2,403,817**	**213,316**	**-**	**2,617,133**
Administrative expenses	-	-	(5,039,873)	(5,039,873)
Non-recurring items	-	-	(376,013)	(376,013)
Share based payments charge	-	-	(359,373)	(359,373)
Depreciation	-	-	(319,284)	(319,284)
Amortization	-	-	(1,150,822)	(1,150,822)
Interest payable	-	-	(53,661)	(53,661)
Interest income	-	-	30,363	30,363
Segment net profit/ (loss)	**2,403,817**	**213,316**	**(7,268,663)**	**(4,651,530)**
Segment assets	434,365	125,859	13,588,572	14,148,796
Segment liabilities	(357,920)	-	(1,434,988)	(1,792,908)
Net assets	**76,445**	**125,859**	**12,153,584**	**12,355,888**

(c) Geographical analysis
Bango's revenue from external customers is divided into the following geographical areas.

	31 Dec 2017	31 Dec 2016
	£	£
United Kingdom (country of domicile)	**12,264**	12,653
EU	**58,719**	47,857
USA and Canada	**2,050,162**	1,745,150
Indonesia	**249,295**	563,585
Rest of World	**1,781,499**	254,942
	4,151,939	2,624,187

Segment revenue is based on the location of the partners. All turnover from end users is spread over many territories, of which £1.8m comes from a partner in the USA and Canada, £0.4m from a partner in Rest of World and £0.6m from another partner in Rest of World (2016: £1m USA and Canada and £0.3m Rest of World).

Notes to the financial statements

5 Non-current assets

5.1 Property, plant and equipment

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2016	354,786	155,081	1,753,942	2,263,809
Additions	1,390	2,299	102,865	106,554
At 31 December 2016	356,176	157,380	1,856,807	2,370,363
Depreciation				
At 1 January 2016	219,549	124,536	1,412,429	1,756,514
Charge for the year	33,051	14,408	271,825	319,284
At 31 December 2016	252,600	138,944	1,684,254	2,075,798
Net book value				
At 31 December 2016	**103,576**	**18,436**	**172,553**	**294,565**

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2017	356,176	157,380	1,856,807	2,370,363
Additions	3,445	26,005	421,344	450,794
At 31 December 2017	359,621	183,385	2,278,151	2,821,157
Depreciation				
At 1 January 2017	252,600	138,944	1,684,254	2,075,798
Charge for the year	33,281	11,054	144,161	188,496
At 31 December 2017	285,881	149,998	1,828,415	2,264,294
Net book value				
At 31 December 2017	**73,740**	**33,387**	**449,736**	**556,863**

Included at year end within leasehold improvements were assets with net book value of £42,603, computer equipment with net book value of £124,444 and software with net book value of £131,633 held under finance leases (31 December 2016: leasehold improvements £59,645 and computer equipment £27,862). Depreciation is shown within administrative expenses in the income statement. Financial lease liabilities are secured on the assets to which they relate.

Bango PLC has no property, plant and equipment.

Notes to the financial statements

5.2 Intangible assets

	Domain Names £	Internal Development £	Trade and Assets £	Goodwill £	Total £
Cost					
At 1 January 2016	32,887	6,247,309	-	-	6,280,196
Additions	-	1,159,052	1,263,194	1,125,000	3,547,246
Foreign exchange revaluation	-	-	84,213	75,000	159,213
At 31 December 2016	32,887	7,406,361	1,347,407	1,200,000	9,986,655
Amortization					
At 1 January 2016	32,887	2,800,697	-	-	2,833,584
Charge for period	-	967,584	168,426	-	1,136,010
At 31 December 2016	32,887	3,768,281	168,426	-	3,969,594
Net book value at 31 December 2016	**-**	**3,638,080**	**1,178,981**	**1,200,000**	**6,017,061**

	Domain Names £	Internal Development £	Trade and Assets £	Goodwill £	Total £
Cost					
At 1 January 2017	32,887	7,406,361	1,347,407	1,200,000	9,986,655
Additions	-	1,509,670	-	-	1,509,670
At 31 December 2017	**32,887**	**8,916,031**	**1,347,407**	**1,200,000**	**11,496,325**
Amortization					
At 1 January 2017	32,887	3,768,281	168,426	-	3,969,594
Charge for period	-	807,409	280,710	-	1,088,119
Impairment	-	308,422	-	-	308,422
At 31 December 2017	**32,887**	**4,884,112**	**449,136**	**-**	**5,366,135**
Net book value at 31 December 2017	**-**	**4,031,919**	**898,271**	**1,200,000**	**6,130,190**

Amortization is shown within administrative expenses in the income statement. Bango regularly reviews its intangible assets to ensure that they are not impaired through periodic impairment testing in line with IAS 36. Assets are reviewed separately in relation to the revenue that will be generated from them as a discreet product. They are therefore separately assessed for signs of impairment using a discounted cash flow with a 20% discount rate (20% in prior year) and using the latest available financial forecasts. At the end of the year one project was partially impaired as recent R&D work has superseded the original work done. No other projects had any indication of impairment.

Goodwill is reviewed annually for signs of impairment. Goodwill relates solely to the acquisition of BilltoMobile Inc in May 2016. The recoverable amount of the related commercial agreements are determined from the value in use. The key assumptions are the discount rates (20% used consistent with review of intangibles and deemed prudent to the Bango WACC), growth rates (conservative assumptions have been used in comparison to the growth rate since acquisition) and net margin. The Directors have reviewed the acquired goodwill and do not consider there are any indicators of impairment.

The goodwill has been allocated to the EUS activity business segment which is a separate cash generating unit to the Other Fees segment. Cash flows for a period of 10 years have been reviewed in assessing the goodwill and there are no indicators of impairment following sensitivity analysis of the key assumptions.

Notes to the financial statements

6 Trade and other receivables

	31 Dec 2017	31 Dec 2016
	£	£
Trade receivables	**1,123,889**	404,839
Other receivables	**130,497**	111,406
Prepayments and accrued income	**763,702**	1,310,551
	2,018,088	1,826,796
Impairment of trade receivables	**(5,000)**	(5,000)
	2,013,088	1,821,796
Research and development tax credits	**421,215**	318,857
Total	**2,434,303**	2,140,653

At 31 December 2017, some of the unimpaired trade receivables are past their due date. The age of financial assets past due but not impaired is as follows:

	31 Dec 2017	31 Dec 2016
	£	£
Not more than one month	**364,873**	78,110
One to two months	**9,972**	23,036
Three to twelve months	**20,733**	13,225
More than twelve months	**-**	-
	395,578	114,371

Trade and other receivables are usually due within 30-60 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure.

Trade receivables from digital merchants consist of numerous accounts with no significant individual balances. Provision for impairment has been made where the debt is not considered likely to be recoverable.

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value. There is no material difference between fair value and book value.

A reconciliation of bad debt provision for trade receivables is provided below:

	31 Dec 2017	31 Dec 2016
	£	£
Brought forward provision	**5,000**	5,000
Debts written off in the year	**-**	(3,755)
Increase in provision	**-**	3,755
Carry forward provision	**5,000**	5,000

Notes to the financial statements

7 Share capital and employee share options

Allotted, called up and fully paid:

Ordinary shares of 20p each in Bango PLC	**No**	**£**
As at 31 December 2015	**64,431,751**	**12,886,350**
Issue of new shares	**586,095**	**117,219**
Exercise of share options	**127,772**	**25,555**
As at 31 December 2016	**65,145,618**	**13,029,124**
Exercise of share options	**1,277,185**	**255,437**
As at 31 December 2017	**66,422,803**	**13,284,561**

During the year 1,277,185 share options were exercised at exercise prices between 23 pence and 232.5 pence and a par value of 20 pence per share. The total proceeds were £1.18m of which £0.26m was recognized as share capital and £0.92m as share premium.

The Group issues share options to Directors and to employees under either an HM Revenue and Customs approved Enterprise Management Incentive (EMI) scheme or an unapproved scheme. Employees resident overseas are eligible to participate in the scheme but their options do not qualify as HM Revenue and Customs approved.

The grant price for share options is equal to the average quoted market price of the company shares on the date of grant. Options do not fully vest for three years. The options lapse if share options remain unexercised after a period of ten years from the date of grant or if the employee leaves the Group.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

		31 Dec 2017		31 Dec 2016
	Average exercise price per share	**Options**	Average exercise price per share	Options
	p	**No**	p	No
Outstanding at 1 January 2017	**103**	**4,495,049**	122	3,729,196
Granted	**185**	**1,226,000**	66	1,448,000
Lapsed	**120**	**(364,248)**	145	(554,375)
Exercised	**92**	**(1,277,185)**	67	(127,772)
Outstanding at 31 December 2017	**129**	**4,079,616**	103	4,495,049
Exercisable at 31 December 2017	**123**	**2,341,691**	109	3,596,875

The weighted average share price at date of exercise of options exercised during the year was 138.32 pence (2016: 89.72 pence).

The fair value of options granted during the year, determined using the Black-Scholes valuation model, were between 60 - 144 pence. Significant inputs into the model include a weighted average share price of 185 pence (31 December 2016: 65.66 pence) at the grant date, the exercise prices, volatility of 59.4-60.4% (31 December 2016: 49.3-60.0%), dividend yield of nil (31 December 2016: nil), an expected option life of five years (31 December 2016: five years) and an annual risk-free interest rate of 0.51-0.78% (31 December 2016: 0.28-0.90%).

For the most recent share awards there was sufficient share price data for Bango PLC to calculate the company's volatility, which is based on five years historical share prices.

Notes to the financial statements

At 31 December 2017, Bango PLC had the following outstanding options and exercise prices:

Expiry date		**Average exercise price per share**	**Options**	**31 Dec 2017 Remaining Contractual Life**	Average exercise price per share	Options	31 Dec 2016 Remaining Contractual Life
		Pence	**Number**	**Months**	Pence	Number	Months
23 March	2017	-	-	-	50.50	96,000	3
19 September	2017	-	-	-	41.00	100,500	9
31 January	2018	-	-	-	23.00	48,417	13
15 October	2018	**53.50**	**8,875**	**10**	53.50	15,125	22
19 February	2019	**44.00**	**8,875**	**14**	44.00	38,916	26
1 October	2019	**44.50**	**8,875**	**21**	44.50	46,520	33
17 March	2020	**59.50**	**8,875**	**27**	59.50	48,297	39
24 September	2020	**167.00**	**8,875**	**33**	167.00	49,935	45
7 February	2021	-	-	-	153.00	100,000	50
17 March	2021	**82.50**	**10,875**	**39**	82.50	47,740	51
9 September	2021	**82.00**	**10,620**	**45**	82.00	56,050	57
27 September	2021	-	-	-	76.50	20,000	57
23 March	2022	**142.50**	**20,322**	**51**	142.50	66,822	63
20 September	2022	**166.50**	**46,323**	**57**	166.50	96,323	69
06 November	2022	**218.00**	**100,000**	**59**	218.00	100,000	71
26 March	2023	**232.50**	**243,500**	**63**	232.50	298,000	75
02 April	2023	**218.50**	**10,000**	**63**	218.50	10,000	75
27 June	2023	**180.00**	**50,000**	**66**	180.00	50,000	78
04 October	2023	**126.00**	**126,166**	**70**	126.00	243,000	82
01 April	2024	**136.00**	**165,500**	**76**	136.00	281,000	88
22 October	2024	**101.00**	**196,535**	**82**	101.00	326,500	94
16 March	2025	**106.00**	**226,240**	**87**	106.00	336,000	99
18 September	2025	**88.50**	**408,509**	**93**	88.50	587,164	105
16 March	2026	**43.00**	**605,442**	**99**	43.00	699,240	111
21 September	2026	**89.00**	**577,201**	**105**	89.00	683,500	117
14 December	2026	**70.50**	**29,154**	**108**	70.50	50,000	120
21 March	2027	**114.50**	**597,354**	**111**	-	-	-
22 September	2027	**255.00**	**611,500**	**117**	-	-	-
At 31 December			**4,079,616**	**95**		4,495,049	89

8 Trade and other payables

	31 Dec 2017 £	31 Dec 2016 £
Trade payables	**1,659,053**	846,212
Social security and other taxes	**153,569**	109,416
Accruals and deferred income	**1,154,916**	741,726
	2,967,538	1,697,354

Trade and other payables are due within one year and are non-interest bearing. There is no material difference between book value and fair value. The increase in trade payables at the 31 December 2017 is consistent with the increase in trade receivables and the growth in revenue in the business.

Notes to the financial statements

9 Commitments

Bango leases two offices and some small office equipment under non-cancellable operating leases for which the future aggregate minimum lease payments are as follows:

	31 Dec 2017	31 Dec 2016
	£	£
No later than 1 year	**157,906**	153,869
Later than 1 but no later than 5 years	**631,624**	588,832
More than 5 years	**136,515**	267,094
	926,045	1,009,795

The UK lease expires on 17 November 2023.

Bango has finance leases for technical computer equipment, software and leasehold equipment. The leases will terminate between May 2018 and December 2020. The lease agreement includes fixed non-cancellable lease payments, and does not contain any further restrictions. Finance lease liabilities are secured by the related assets held under finance lease.

	31 Dec 2017	31 Dec 2016
Gross lease liabilities	**£**	£
Within one year	**112,202**	86,227
Between two and five years	**187,012**	13,709
	299,214	99,936
Future interest	**(21,631)**	(4,382)
	277,583	95,554

	31 Dec 2017	31 Dec 2016
The present value of finance lease liabilities is repayable as follows:	**£**	£
Within one year	**99,889**	82,149
Between two and five years	**177,694**	13,405
	277,583	95,554

10 Expenses by nature

	31 Dec 2017	31 Dec 2016
	£	£
Employee benefit expense	**4,588,608**	3,965,077
Depreciation, amortization and impairment	**1,585,037**	1,470,106
Other expenses	**1,867,394**	1,810,182
	8,041,039	7,245,365
Analyzed as:		
Administrative expenses	**5,776,979**	5,415,886
Share based payments	**679,023**	359,373
Depreciation	**188,496**	319,284
Amortization and impairment	**1,396,541**	1,150,822
	8,041,039	7,245,365

Notes to the financial statements

11a Profit or loss before taxation

Profit or loss before taxation is stated after charging:

	31 Dec 2017	31 Dec 2016
	£	£
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the financial statements	**5,000**	4,000
Fees payable to the Group's auditors for other services: audit of Group's subsidiaries	**57,000**	42,500
Other services relating to other assurance services	**10,000**	13,700
Other services relating to taxation compliance services	**10,200**	9,900
Other services relating to taxation advisory services	**5,400**	3,300
Other services relating to international taxation advisory and compliance services	**62,300**	50,000
Operating lease expenses:		
Land and buildings	**226,716**	211,149
Finance lease charges in year	**51,458**	53,661
Exchange rate variances	**(52,086)**	(70,916)
Depreciation on property, plant and equipment – lease assets	**60,427**	186,213
Depreciation on property, plant and equipment – owned assets	**128,069**	133,071
Amortization of intangible assets	**1,088,119**	1,150,822
Impairment of intangible assets	**308,422**	-
Research and development costs	**96,330**	93,798

11b Non-recurring items

These costs relate to the acquisition of Audiens SRL and associated fundraise that took place on 23 January 2018 (2016: related to the acquisition of BilltoMobile Inc).

12 Employee benefit expense

The average number of staff employed by Bango during the financial year amounted to:

	31 Dec 2017	31 Dec 2016
	No	No
Administrative staff	**8**	6
Marketing staff	**6**	5
Sales staff	**11**	7
Technical staff	**22**	22
Executive Directors	**3**	4
Support staff	**28**	28
	78	72

The aggregate payroll costs of the above were:

	31 Dec 2017	31 Dec 2016
	£	£
Wages and salaries	**3,703,149**	3,456,747
Social security costs	**410,141**	386,483
Other pension costs	**206,436**	148,958
Share based remuneration	**679,023**	359,373
	4,998,749	4,351,561

Included in the above payroll costs is £1,340,684 (31 December 2016: £995,493) capitalized within internal development (note 5.2).

Notes to the financial statements

The Directors have identified sixteen (31 December 2016: eleven) key management personnel, including Directors. Compensation to key management is set out below:

	31 Dec 2017	31 Dec 2016
	£	£
Short term employee benefits	**1,299,167**	1,086,653
Employers national insurance	**152,147**	138,861
Post-employment benefits	**22,531**	46,725
Share based compensation	**306,788**	116,281
	1,780,633	1,388,520

13 Directors

Remuneration in respect of Directors was as follows:

	31 Dec 2017	31 Dec 2016
	£	£
Emoluments	**630,533**	680,435

Further details can be found in the Remuneration Committee Report). The highest paid Director received total salary of £206,250 (31 December 2016: £198,000), pension contributions of £2,255 (31 December 2016: £1,650), and share based compensation of £50,908 (31 December 2016: £11,122).

The number of Directors who accrued benefits under pension schemes was three (31 December 2016: four).

The total share based compensation for Directors was £155,816 (31 December 2016: £58,236).

For details of Directors options please see the Directors and their interest section of the Directors' report.

During the year Bango was invoiced £42,000 by Fusion Mobile Value Limited, a company of which Gianluca D'Agostino is sole director. The amount invoiced relates to consultancy work carried out by Gianluca D'Agostino in the year.

14 Investment income

	31 Dec 2017	31 Dec 2016
	£	£
Bank interest receivable	**20,858**	30,363

Notes to the financial statements

15 Taxation

Income tax	31 Dec 2017	31 Dec 2016
	£	£
R&D tax credits receivable	**(421,215)**	(318,857)
Over/(Under) provision of prior year credit	**(8,126)**	(9,806)
Tax paid overseas	**18,953**	90,250
(Over)/under provision of prior year overseas tax	**(76,598)**	-
	(486,986)	(238,413)

Income tax expense for the year differs from the standard rate of taxation as follows:

	31 Dec 2017	31 Dec 2016
Loss on ordinary activities before taxation	**(3,435,153)**	(4,777,915)
Loss on ordinary activities multiplied by standard rate of tax of 19.25% (31 December 2016: 20.00%)	**(661,171)**	(955,583)
Effect of:		
Expenses not deductible for tax purposes	**146,477**	89,264
Deferred tax not recognized	**2,290**	1,946
Unutilized tax losses	**259,689**	779,826
Additional deductions for R&D expenditure	**(382,944)**	(248,584)
Surrender of tax losses for R&D	**167,089**	120,946
Other permanent differences	**47,356**	(106,672)
Tax paid overseas	**18,953**	90,250
Adjustments in relation to prior years	**(84,727)**	(9,806)
Total tax	**(486,986)**	(238,413)

At 31 December 2017, the unutilized tax losses carried forward amounted to £33.2 million (at 31 December 2016: £32.1 million).

Deferred tax assets/ (liabilities):

	Provided 31 Dec 2017	Provided 31 Dec 2016	Unprovided 31 Dec 2017	Unprovided 31 Dec 2016
	£	£	£	£
Share option deduction	**-**	-	**757,736**	133,820
Tax losses	**546,870**	418,102	**4,558,279**	3,794,139
Other temporary differences	**(5,016)**	(1,230)	**-**	-
Accelerated capital allowances and capitalized development costs	**(541,854)**	(416,872)	**-**	-
	-	-	**5,316,015**	3,927,959

All unrecognized deferred tax balances relate to the UK and are expected to offset. No deferred tax asset has been recognized in respect of the above temporary differences due to the unpredictability of future taxable trading profits from which these differences may be deducted.

16 Loss per share

(a) Basic

Basic earnings per share are calculated by dividing the loss attributable to equity holders of Bango PLC by the weighted average number of ordinary shares in issue during the year.

	31 Dec 2017	31 Dec 2016
	£	£
Loss attributable to equity holders of Bango PLC	**(3,435,153)**	(4,413,117)
Weighted average number of ordinary shares in issue	**65,768,111**	65,026,008
Earnings (basic) per share	**(5.22)p**	(6.81) p

Notes to the financial statements

(b) Diluted
Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary share options.

	31 Dec 2017	31 Dec 2016
	£	£
Loss attributable to equity holders of Bango PLC	(3,435,153)	(4,413,117)
Weighted average number of ordinary shares	65,768,111	65,026,008
Earnings (diluted) per share	(5.22)p	(6.81) p

At 31 December 2017 options over 4,079,616 (31 December 2016: 4,495,049) ordinary shares were outstanding. Given the loss for the year, these options are considered to be anti-dilutive. Such options could potentially dilute basic loss per share in the future.

17 Cash used by operations

	31 Dec 2017	31 Dec 2016
	£	£
Loss for the financial year	(3,435,153)	(4,413,117)
Depreciation. amortization and impairment	1,585,037	1,455,293
Taxation in income statement	(486,986)	(238,413)
Investment income	(20,858)	(30,363)
Interest payable	51,458	53,661
Foreign exchange movement on cash balances	(32,847)	51,780
Share-based payment expense	679,023	359,373
(Increase)/decrease in receivables	(1,393,322)	(595,427)
Increase/(decrease) in payables	2,431,490	442,220
Realized currency translation	(118,503)	29,723
	(740,661)	(2,885,270)
Corporation tax rebate	486,986	238,413
Net cash used by operations	(253,675)	(2,646,857)

18 Financial assets and liabilities

Financial assets included in the balance sheet relate to the following IAS 39 categories:

	31 Dec 2017	31 Dec 2016
	£	£
Loans and receivables	5,966,092	6,096,356
Total financial assets	5,966,092	6,096,356

These financial assets are included in the balance sheet within the following headings:

	31 Dec 2017	31 Dec 2016
	£	£
Current assets		
Trade and other receivables	1,118,889	399,839
Cash and cash equivalents	4,847,203	5,696,517
Total financial assets	5,966,092	6,096,356

Notes to the financial statements

Financial liabilities included in the balance sheet relate to the following IAS 39 categories:

	31 Dec 2017	31 Dec 2016
	£	£
Financial liabilities measured at amortized cost	**2,813,968**	1,587,938
Total financial liabilities	**2,813,968**	1,587,938

These financial liabilities are included in the balance sheet within the following headings:

	31 Dec 2017	31 Dec 2016
	£	£
Current liabilities		
Trade payables	**1,659,053**	846,212
Accruals	**1,154,916**	741,726
Total financial liabilities	**2,813,969**	1,587,938

19 Credit risk analysis

Bango's exposure to credit risk is limited to the carrying amount of financial assets and cash and cash equivalents recognized at the balance sheet date, as summarized in note 18.

Bango continuously monitors the default of partners and other counterparties and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and / or reports on customers and other counterparties are obtained and used. Bango's policy is to deal only with creditworthy counterparties.

Bango's management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality including those that are past due. See note 6 for further information on trade receivables that are past due. The only other financial asset that is not cash are tax credits due from HMRC.

None of Bango's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, Bango is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Bango completes regular credit checks on those payment providers accounting for significant individual balances. In addition, the terms and conditions of trade with some digital merchants allow the group to withhold payment of the relevant part of the digital merchant earnings until payment is received from the payment provider.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

20 Liquidity risk analysis and capital management

Bango manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly basis. Long-term liquidity needs are identified on a quarterly basis, taking account of operating activities and investing activities.

At 31 December 2017 Bango's financial liabilities had contractual maturities which are summarized below:

	31 Dec 2017	31 Dec 2016
	£	£
Trade and other payables within 6 months	**2,813,968**	1,587,938
Finance lease obligations within 6 months	**56,096**	57,170
Finance lease obligations 6 to 12 months	**43,793**	24,969
Finance lease obligations 1 year to 5 years	**177,694**	13,405
Financial liabilities	**3,091,551**	1,683,482

Bango's capital management objectives are to ensure Bango's ability to continue as a going concern and to provide an adequate return to shareholders, via sufficient cash resources, through profitable trading and equity issues to mitigate liquidity risk.

The Directors consider that the capital management objectives have been satisfied through the adequate management of liquidity, as sufficient cash is available to meet all liabilities falling due in the next year.

At 31 December 2017 Bango only had hire purchase borrowings.

Notes to the financial statements

Capital for the reporting year under review is summarized as follows:

	Overall financing		Capital	
	31 Dec 2017	31 Dec 2016	**31 Dec 2017**	31 Dec 2016
	£	£	**£**	£
Total equity	**10,723,438**	12,355,888	**10,723,438**	12,355,888
Less cash and cash equivalents	**-**	-	**(4,847,203)**	(5,696,517)
Plus borrowings	**277,583**	95,554	**-**	-
	11,001,021	12,451,432	**5,876,235**	6,659,371

The capital to overall financing ratio is 53.4% (2016: 53.5%).

21 Market risk analysis

21.1 Interest risk sensitivity

Bango has no borrowings on which it is subject to interest rate risk. The risk associated with interest earned on cash balances is low, given the low level of interest currently being earned.

21.2 Foreign currency sensitivity

Exposure to currency exchange rates arise from the Bango's overseas sales and purchases, which are primarily denominated in US Dollars and Euros.

The amounts to be paid and received in a specific currency are expected to largely offset one another, so no hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities, translated into sterling at the closing rate, are as follows.

		31 Dec 2017			31 Dec 2016	
Nominal amounts	**£ Financial assets**	**£ Financial liabilities**	**£ Net assets/ (liabilities)**	**£ Financial assets**	**£ Financial liabilities**	**£ Net assets/ (liabilities)**
US $ USD	1,943,192	709,589	1,233,603	2,168,532	815,309	1,353,223
Euro EUR	65,488	18,881	46,607	73,957	15,182	58,775
Australian $ AUD	42,995	-	42,995	63,159	-	63,159
Canadian $ CAD	72,635	-	72,635	106,093	-	106,093
Indonesia Rp IDR	35,094	-	35,094	41,896	-	41,896
Qatari Riyal QAR	-	-	-	1,296	-	1,296
South African Rand ZAR	4,991	782	4,209	12,812	782	12,030
Saudi Arabian Riyal SAR	40,752	-	40,752	31,887	-	31,887
Japanese Yen JPY	1,329,942	723,079	606,863	119,186	5,156	114,030
Other	68,112	22,829	45,283	39,130	485	38,645
Short term exposure	3,603,200	1,475,160	2,124,808	2,657,948	836,914	1,821,035

Sensitivity analysis has been performed on the financial assets and liabilities to assess the exposure of the group to foreign exchange movements. If exchange rates moved so that sterling strengthened by 5% then the effect on the balance sheet would be a loss of £101,181 and if it moved by 10% then there would be a total loss of £193,164.

22 Post balance sheet events

Fundraise

On 24 January 2018 Bango announced a placing of 2,777,778 new ordinary share at a price of 180 pence per share, to raise £5.02m (£4.76m net of fees). This is split as:

	£
Share capital	555,555
Share premium	4,208,945
Total	**4,764,500**

Notes to the financial statements

Acquisition of Audiens S.R.L

On 23 January 2018 Bango acquired 98.45 per cent of Audiens S.R.L. (Audiens), a data management company incorporated in Italy. The acquisition is intended to enable Bango to capitalize on demand for the valuable data it generates through its existing operations and to enable the Bango Platform to provide additional value to the rapidly growing mobile advertising market.

At the time the financial statements were authorized for issue, Bango had not yet completed a full review of the accounting for the acquisition of Audiens. In particular, the fair values of the assets and liabilities acquired and the allocation of contingent payments between consideration and remuneration under IFRS3 have not been determined, and an independent valuation has not been finalized.

The provisional estimate of consideration is £4.96m comprising:

	£
Cash consideration	1,301,971
Shares issued (1)	939,245
Warrants issued (2)	1,329,118
Option agreement (3)	835,725
Cash for provision of shared services for 12 months	554,217
Total	**4,960,276**

(1) Bango issued 521,803 ordinary shares of 20 pence each at an issue price 180 pence per share.
(2) Bango issued 738,399 warrants over Bango ordinary shares of 20 pence exercisable over 10 years at 180 pence.
(3) The remaining 1.55 per cent of Audiens is retained by Marko Maras, a co-founder of Audiens (the "Maras Shares"). Bango has entered into an agreement with Mr Maras relating to the Maras Shares. Under the terms of the Option Agreement Bango can call upon Mr Maras to sell these shares to Bango in certain circumstances and Mr Maras can call upon Bango to purchase these shares in certain circumstances. The final date by which either option must be exercised it 28 February 2020. On exercise of either option, Mr Maras may be entitled to payment for the Maras Shares calculated at £0.84m, based on the placing price, payable by Bango subject to certain conditions, including the achievement of specific revenue targets by Audiens. The amount payable to Mr Maras will reduce as the Bango share price rises, but could increase, on a sliding scale, to a maximum of £1.21m, should the revenue objectives be met but the Bango share price falls below the placing price at that point.

Incorporation of Bango Deep Limited

Bango Deep Limited, a company incorporated under the Companies Act 2006, was incorporated on 2 January 2018. It is a 100% owned subsidiary of Bango PLC.

Statement of financial position of Bango PLC

	Note	31 Dec 2017 £	31 Dec 2016 £
ASSETS			
Non-current assets			
Investment in subsidiary	4	**29,684,765**	29,005,642
Trade and other receivables due after one year	5	**17,209,241**	16,144,791
		46,894,006	45,150,433
Current assets			
Trade and other receivables due within one year	5	**27,721**	9,510
		27,721	9,510
Total assets		**46,921,727**	45,159,943
EQUITY			
Capital and reserves			
Share capital	8	**13,284,561**	13,029,124
Share premium account	9	**31,248,453**	30,323,341
Retained earnings	9	**2,372,006**	1,787,896
Total equity		**46,905,020**	45,140,361
LIABILITIES			
Trade and other falling due within one year	6	**16,707**	19,582
Total liabilities		**16,707**	19,582
Total equity and liabilities		**46,921,727**	45,159,943

These financial statements were approved by the Directors on 13 March 2018 and are signed on their behalf by:

R Anderson
Director

R Elias-Jones
Director

Company registration number 05386079

The company has taken the exemption under section 408 of the Companies Act 2006 not to present a full income statement, but the loss for the year for the company was £94,913 (2016: £35,673).

The notes on pages 55 to 58 are an integral part of these consolidated financial statements

Statement of changes in equity of Bango PLC

	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 1 January 2016	**12,886,350**	**30,101,510**	**1,464,196**	**44,452,056**
Share based payments	-	-	359,373	359,373
Exercise of share options	25,555	60,393	-	85,948
Issue of shares	117,219	164,106	-	281,325
Expenses of share issue	-	(2,668)	-	(2,668)
Transactions with owners	142,774	221,831	359,373	723,978
Loss for the year				
Total comprehensive income	-	-	(35,673)	(35,673)
for the year	-	-	(35,673)	(35,673)
Balance at 31 December 2016	**13,029,124**	**30,323,341**	**1,787,896**	**45,140,361**
Balance at 1 January 2017	**13,029,124**	**30,323,341**	**1,787,896**	**45,140,361**
Share based payments	-	-	679,023	679,023
Exercise of share options	255,437	925,112	-	1,180,549
Transactions with owners	255,437	925,112	679,023	1,859,572
Loss for the year	-	-	(94,913)	(94,913)
Total comprehensive income				
for the year	-	-	(94,913)	(94,913)
Balance at 31 December 2017	**13,284,561**	**31,248,453**	**2,372,006**	**46,905,020**

The notes on pages 55 to 58 are an integral part of these consolidated financial statements

Cashflow statement of Bango PLC

	31 Dec 2017 £	31 Dec 2016 £
Loss for year	**(94,913)**	(35,673)
Cash flows from operating activities		
Interest received	**(228,181)**	(202,286)
(Increase)/decrease in receivables	**(31,700)**	18,288
Increase/(decrease) in payables	**(9,666)**	(49,845)
Net cash used by operating activities	**(269,547)**	(233,843)
Cash flows generated from investing activities		
Loan to group undertaking	**(1,044,170)**	(268,471)
Investment in subsidiaries	**(100)**	(28,904)
Net cash used by investing activities	**(1,044,270)**	(297,375)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	**1,180,549**	85,948
Costs associated with issuance of ordinary shares	**-**	(2,668)
Interest receivable	**228,181**	202,286
Non-cash issue of shares	**-**	281,325
Net cash generated from financing activities	**1,408,730**	566,891
Net increase in cash and cash equivalents	**-**	-
Cash and cash equivalents at beginning of year	**-**	-
Cash and cash equivalents at end of year	**-**	-

The notes on pages 55 to 58 are an integral part of these consolidated financial statement

Notes to the financial statements

1 Accounting policies

Basis of accounting
The separate financial statements of Bango PLC are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and under the basis of going concern.

Bango has prepared its Report and accounts for the year ended 31 December 2017, in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006. IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

The principal accounting policies are summarized below. They have all been applied consistently throughout the year.

Investments
Fixed asset investments are shown at cost less provision for impairment.

Share based payments
Bango PLC issues equity settled share-based compensation to certain employees (including Directors) of its trading subsidiaries. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is credited to reserves on a straight-line basis over the vesting period, together with a corresponding increase in the book value of Bango PLC's investment in subsidiaries, based upon the estimate of the shares that will eventually vest. These estimates are subsequently revised if there is any indication that the number of options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods.

Fair value is measured by an external valuer using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any increase in the value of the transaction as a result of the modification, as measured by the date of modification, over the remaining vesting period.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the due date of the cancellation, and any expense not yet recognized for the transaction is recognized immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

Loans and receivables
a) Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and bank deposits available on demand, together with other short term highly liquid investments.

b) Trade and other receivables
Trade and other receivables are recognized initially at fair value and are measured subsequent to initial recognition net of any provision for impairment. Any change in their value through impairment or reversal of impairment is recognized in profit or loss.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of the estimated receivable.

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

Share capital
Ordinary shares are classified as equity. Equity instruments issued by Bango PLC are recorded at the proceeds received, net of direct issue costs.

Share premium
Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Retained earnings
Retained earnings include all current and prior period retained profits.

Notes to the financial statements

Related party transactions
There were no significant related party transactions in the year, see the Directors report for the Group for further details. Intercompany loans existed between the entity and other members of the group, please see Note 5 for further details.

2 Directors, employees and key management personnel

Details of Directors' interests in the shares and options of Bango PLC are provided in the Directors' report on pages 18 and 19.

There are no employees employed directly by Bango PLC.

Details of Directors' remuneration and key management personnel are disclosed in notes 12 and 13 of the Group accounts. A charge of £105,797 (31 December 2016: £82,485) has been recognized within the parent company's own figures relating to wages and salaries.

3 Auditor's remuneration

The auditor's remuneration for audit and non-audit services to Bango PLC was borne entirely by Bango.net Limited, a wholly owned subsidiary.

4 Investments

	£
Cost	
Shares in subsidiary undertakings at 31 December 2016	**29,005,642**
Share based payments	679,023
Investment in Bango Payments Ltd	100
Shares in subsidiary undertakings at 31 December 2017	**29,684,765**
Net book amount	
At 31 December 2017	**29,684,765**
At 31 December 2016	29,005,642

Fixed asset investments are shown at cost less provision for impairment.

Details of subsidiary undertakings at 31 December 2017 are as follows:

	Country of incorporation	Class of share capital held	Held by the company	Nature of business
Bango.net Limited	England & Wales	Ordinary	100%	Development, marketing and sale of technology for mobile phone users to purchase services for their mobile phones
Bango Movil	Spain	Ordinary	100%	Support for Bango.net Limited
Bango SP Limited	England & Wales	Ordinary	100%	Non-trading
Bango Employee Benefits Limited	England & Wales	Ordinary	100%	Non-trading
Bango do Brasil Cessão de Licenças de Programas de Computador Ltda *	Brazil	Ordinary	100%	Non-trading
Bango Mobile Limited **	Nigeria	Ordinary	100%	Trading entity in Nigeria
Bango Kabushiki Kaisha	Japan	Ordinary	100%	Sales and support office for Bango.net Limited
Bango Holdings Inc	USA	Common	100%	Holding company
	USA	Common	100%	Trading entity in USA
BilltoMobile Inc				
Bango Inc	USA	Common	100%	Sales and support office for Bango.net Limited
Bango Payments Limited	England & Wales	Ordinary	100%	Non-trading

*99% owned via Bango Movil and 1% owned by Bango Plc
**49% owned via Bango PLC, 51% owned by Bango.net Ltd (100% owned subsidiary of Bango PLC)

Notes to the financial statements

5 Receivables

	31 Dec 2017	31 Dec 2016
	£	£
Amounts due from Group undertakings (due after one year)	**17,209,241**	16,144,791
Other receivables (due within one year)	**27,721**	9,510
	17,236,962	16,154,301

Interest on intercompany loans from the parent company to the subsidiary undertakings are charged at a reasonable market rate of interest, calculated monthly on the balance outstanding.

6 Payables

	31 Dec 2017	31 Dec 2016
	£	£
Trade payables	**8,148**	9,884
Accruals and deferred income	**8,559**	9,698
	16,707	19,582

7 Financial assets and liabilities

Financial assets included in the balance sheet relate to the following IAS 39 categories:

	31 Dec 2017	31 Dec 2016
	£	£
Loans and receivables	**17,209,241**	16,144,791
Total financial assets	**17,209,241**	16,144,791

These financial assets are included in the balance sheet within the following headings:

	31 Dec 2017	31 Dec 2016
	£	£
Current assets		
Other receivables	**-**	-
Non-Current assets		
Amounts due from Group undertakings	**17,209,241**	16,144,791
Total financial assets	**17,209,241**	16,144,791

	31 Dec 2017	31 Dec 2016
	£	£
Financial liabilities measured at amortized cost	**16,707**	19,582
Total financial liabilities	**16,707**	19,582

These financial liabilities are included in the balance sheet within the following headings:

	31 Dec 2017	31 Dec 2016
	£	£
Current liabilities		
Trade payables	**8,148**	9,884
Accruals	**8,559**	9,698
Total financial liabilities	**16,707**	19,582

Notes to the financial statements

8 Share capital

Allotted, called up and fully paid:

Ordinary shares of 20p each in Bango PLC	No	£
As at 31 December 2015	**64,431,751**	**12,886,350**
Issue of new shares	586,095	117,219
Exercise of share options	127,772	25,555
As at 31 December 2016	**65,145,618**	**13,029,124**
Exercise of share options	**1,277,185**	**255,437**
As at 31 December 2017	**66,422,803**	**13,284,561**

During the year 1,277,185 share options were exercised at exercise prices between 23 pence and 232.5 pence and a par value of 20 pence per share. The total proceeds were £1.18m of which £0.26m was recognized as share capital and £0.92m as share premium.

During the year 1,226,000 options were granted to employees. Details of number of options granted to Directors is given in the Directors report of the Group accounts.

At the year-end 4,079,616 options were outstanding. Further details relating to employee share options are provided in note 7 in the Bango financial statements.

9 Reserves

	Share Premium Account £	Retained earnings £
At 1 January 2017	**30,323,341**	**1,787,896**
Exercise of share options	**925,112**	-
Share based payments		**679,023**
Loss for the year	-	**(94,913)**
At 31 December 2017	**31,248,453**	**2,372,006**

An adjustment has been made out of the share based payment reserve for share options exercised in the year.

10 Reconciliation of movements in shareholder's funds

	31 Dec 2017 £	31 Dec 2016 £
Period opening balance	**45,140,361**	44,452,056
Exercise of share options	**1,180,549**	85,948
Share based payments	**679,023**	359,373
Issue of new shares	**-**	281,325
Expense of share issue	**-**	(2,668)
Loss for the period	**(94,913)**	(35,673)
	46,905,020	45,140,361

11 Retained earnings

The distributable reserves as at 31 December 2017 from Bango PLC are £747,368 (2016: £842,281).