

Ethical screening of: Receipt Bank For: Third Sector Accountants Date: 26th September 2019

Company overview:

Receipt Bank started in 2010 as a pre-accounting software package that automated bookkeeping for accountants, bookkeepers and businesses. It has developed into a platform that turns physical documents into digital data, which it analyses to generate business information.¹ The company is one of the fastest growing tech companies in the UK² and is known for its early adoption of artificial intelligence.³

According to its website, Receipt Bank has 450 employees and currently serves 35,000 accountants and bookkeepers.⁴

Receipt Bank Ltd is registered in the United Kingdom. It was exempt from filing full accounts with Companies House as a small company, which means it has a turnover of less than £10.2 million. No further turnover information was found.

In February 2016, the company raised \$10 million from growth equity firm Kennet Partners⁵ and in July 2017, venture capitalists Insight Partners (also known as Insight Venture Management and Insight Venture Partners) invested \$50 million in the company⁶. Both companies specialise in tech investment. Since 1997 Kennet Partners has invested in more than forty US and European companies producing communications software, enterprise software and services, internet and business services, and semiconductors.⁷ The portfolio of Insight Partners ranges from cybersecurity to healthcare and public services and spans Asia Pacific, the Americas, Europe, Africa and the Middle East. Its investments include well-known brands such as Udemy and HelloFresh.⁸

Ownership:

Receipt Bank Ltd is a private company limited by shares. According to its most recent confirmation statement⁹, shareholders with a stake higher than 10% are:

- Insight Venture Management, LLC (32.1%), through:
 - Insight Venture Partners (Cayman) IX, LP
 - Insight Venture Partners (Delaware) IX
 - Insight Venture Partners IX (Co-Investors)
 - Insight Venture Partners IX, LP
- Kennet Partners LLP (17.8%), through¹⁰
 - Kennet Capital Management (Jersey) Limited
- Alexis Daniel Sandown Prens (22.2%, founder)
- Michael Charles Wood (10.2%, founder)

1 www.receipt-bank.com/uk/about-us/

2 www.kennet.com/news/receipt-bank-named-uks-7th-fastest-growing-tech-company-in-deloitte-fast-50/

3 blog.receipt-bank.com/50-million-series-b-funding-insight-venture-partners

4 www.receipt-bank.com/uk/about-us/

5 blog.receipt-bank.com/receipt-bank-raises-usd10m-in-growth-funding-capital-from-kennet-partners

6 blog.receipt-bank.com/50-million-series-b-funding-insight-venture-partners

7 www.kennet.com/the-kennet-portfolio/

8 www.insightpartners.com/portfolio/

9 Receipt Bank, Confirmation Statement 31 August 2018, Companies House

10 Kennet Capital Management (Jersey) Limited, Annual Return 2019, Jersey Financial Services Commission

Ethical Consumer rating (including what EC identifies as the main ethical issues with this company):

Receipt Bank receives an Ethiscore of **5.5 out of a possible 15** on Ethical Consumer's database.

It loses a whole mark under the following Ethical Consumer ratings category: Environmental Reporting.

It loses half a mark under the following Ethical Consumer ratings categories: Climate Change, Pollution & Toxics, Habitats & Resources, Palm Oil, Animal Testing, Factory Farming, Animal Rights, Human Rights, Workers' Rights, Irresponsible Marketing, Arms & Military Supply, Controversial Technology, Boycott Call, Political Activities and Anti-Social Finance.

Most of the marks lost were due to its ownership by venture funds Insight Partners and Kennet Partners, which were criticised by Ethical Consumer under these categories.

The company did not gain any additional positive marks for providing an environmental or social alternative.

It was not rated for Supply Chain Management as it did not produce physical goods.

Address:

1st Floor, 99 Clifton Street, London, EC2A 4LG

Website:

www.receipt-bank.com

Email:

No contact email address was publicly available. Instead the company had a 'Request a Call' form on its website – www.receipt-bank.com/uk/contact-us/

Telephone:

(+44) 203 699 5006

Ethical Consumer database records:

Environment

Environmental Reporting

Worst Ethical Consumer rating for Environmental Reporting (September 2019)

In September 2019 Ethical Consumer searched the Receipt Bank website for the organisation's environmental policy or report. No information was found. An environmental policy was deemed necessary to report on a company's environmental performance and set targets for reducing its impacts in the future.

A strong policy would include two future, quantified environmental targets, demonstration by the company that it had a reasonable understanding of its main environmental impacts, be dated within the two years and have its environmental data independently verified. Receipt Bank had none of these and therefore received Ethical Consumer's worst rating for Environmental Reporting. (ref: 1)

Climate Change

No ethical investment, engagement or shareholder voting policies (September 2019)

In September 2019, Ethical Consumer searched the Insight Partners' website for information on the company's ethical investment, engagement, or shareholder voting policies. No information could be found. As the company had no ethical investment, engagement or shareholder voting policies or disclosure it fell into the bottom Ethical Consumer category for transparency of financial firms (EC172). As a likely holder of shares in companies receiving criticism across all our ratings categories, it therefore lost half a mark under the following categories:

Climate Change, Pollution & Toxics, Habitats & Resources, Palm Oil, Animal Testing, Factory Farming, Animal Rights, Human Rights, Workers' Rights, Irresponsible Marketing, Arms & Military Supply, Nuclear Power, Controversial Technology, Political Activities, Anti-Social Finance and Boycotts. (ref: 2)

No ethical investment, engagement or shareholder voting policies (September 2019)

In September 2019, Ethical Consumer searched the Kennet Partners' website for information on the company's ethical investment, engagement, or shareholder voting policies. No information could be found. As the company had no ethical investment, engagement or shareholder voting policies or disclosure it fell into the bottom Ethical Consumer category for transparency of financial firms (EC172). As a likely holder of shares in companies receiving criticism across all our ratings categories, it therefore lost half a mark under the following categories:

Climate Change, Pollution & Toxics, Habitats & Resources, Palm Oil, Animal Testing, Factory Farming, Animal Rights, Human Rights, Workers' Rights, Irresponsible Marketing, Arms & Military Supply, Nuclear Power, Controversial Technology, Political Activities, Anti-Social Finance and Boycotts. (ref: 3)

Pollution & Toxics

(See also 'No ethical investment, engagement or shareholder voting policies' in **Climate Change** above.)

Habitats & Resources

(See also 'No ethical investment, engagement or shareholder voting policies' in **Climate Change** above.)

Palm Oil

(See also 'No ethical investment, engagement or shareholder voting policies' in **Climate Change** above.)

Animals

Animal Testing

(See also 'No ethical investment, engagement or shareholder voting policies' in **Climate Change** above.)

Factory Farming

(See also 'No ethical investment, engagement or shareholder voting policies' in **Climate Change** above.)

Animal Rights

(See also 'No ethical investment, engagement or shareholder voting policies' in **Climate Change** above.)

People

Human Rights

(See also 'No ethical investment, engagement or shareholder voting policies' in **Climate Change** above.)

Workers' Rights

(See also 'No ethical investment, engagement or shareholder voting policies' in **Climate Change** above.)

Irresponsible Marketing

(See also 'No ethical investment, engagement or shareholder voting policies' in **Climate Change** above.)

Arms & Military Supply

(See also 'No ethical investment, engagement or shareholder voting policies' in **Climate Change** above.)

Politics

Controversial Technologies

(See also 'No ethical investment, engagement or shareholder voting policies' in **Climate Change** above.)

Boycott Call

(See also 'No ethical investment, engagement or shareholder voting policies' in **Climate Change** above.)

Political Activities

(See also 'No ethical investment, engagement or shareholder voting policies' in **Climate Change** above.)

Anti-Social Finance

Worst Ethical Consumer rating for likely tax avoidance (September 2019)

In September 2019 Ethical Consumer viewed Insight Holdings Groups' entry at the State of Delaware's Division of Corporations. This showed that the company's Ultimate Holding Company was registered in Delaware, which Ethical Consumer considered to be a tax haven at the time of writing. The company's filings at the US Securities and Exchange Commission showed that it also had several subsidiaries in jurisdictions considered by Ethical Consumer to be tax havens at the time of writing, such as the Cayman Islands.

Given that Insight Holdings Groups' UHC was registered in a jurisdiction on Ethical Consumer's tax haven list, it had a high risk subsidiary in another jurisdiction considered to be a tax haven and it published no country-by-country financial information, the company received Ethical Consumer's worst rating for likely use of tax avoidance strategies and lost a whole mark under Anti-Social Finance. (ref: 4)

Worst Ethical Consumer rating for likely use of tax avoidance (September 2019)

In September 2019 Ethical Consumer viewed Kennet Partners' entry on the Open Corporates website. This showed that the company's Ultimate Holding Company, Kennet Partners LLC, was registered in Delaware, which Ethical Consumer considered to be a tax haven at the time of writing, while its physical headquarters was in California. The company's Open Corporates' entry also showed that it had a venture fund management subsidiary, Kennet Capital Management (Jersey) Limited, based in Jersey, which was also considered by Ethical Consumer to be a tax haven.

Given that Kennet Partner's UHC was registered in a jurisdiction on Ethical Consumer's tax haven list, it had a high risk subsidiary in another jurisdiction considered to be a tax haven and it published no country-by-country financial information, the company received Ethical Consumer's worst rating for likely use of tax avoidance strategies and lost a whole mark under Anti-Social Finance. (ref: 5)

(See also '**No ethical investment, engagement or shareholder voting policies**' in **Climate Change** above.)

References

- 1 - Receipt Bank Ltd Corporate Communications:www.receipt-bank.com (22 September 2019)
- 2 - Insight Holdings Group, LLC Corporate Communications:www.insightpartners.com (26 September 2019)
- 3 - Kennet Partners Ltd Corporate Communications:www.kennet.com (26 September 2019)
- 4 - State of Delaware Division of Corporations:Generic State of Delaware Division of Corporations 2019 ref (28 June 2019)
- 5 - Open Corporates:Kennet Partners LLC entry (24 September 2019) (1445137) - Receipt Bank Ltd Corporate Communications:www.receipt-bank.com (22 September 2019).