

CONTIS GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Registration Number: 06499022

FULL YEAR TO 31 DECEMBER 2022



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Strategic Report

Business Review

Contis Group Limited and its subsidiaries, (together the 'Group' or 'Contis') is a multi-faceted payments and technology company offering personal and corporate account banking services, debit, corporate, virtual, prepaid Visa or Mastercard cards, alternative digital payment products and technology, fully managed by our owned Visa and Mastercard issuance and processing platforms. The Group has actively developed its own card, loyalty and bank processing technologies to deliver market winning differentiation and manage a wide range of end to end banking, card, virtual and mobile tokenised payment solutions in the retail, corporate and crypto sectors for brands across Europe and beyond.

Between 2008 and 2012, the Group acquired a number of businesses. These include credEcard Group Ltd, a payroll debit card provider; The Gift & Loyalty Company (formerly GTP Solutions Limited), a provider of closed loop gift card solutions; and Contis Financial Services Limited (formerly GTP Finance Services Limited), a provider of Visa prepaid, treasury and e-money services. In May 2018 the Group also acquired Paze Finance Limited, a provider of consumer credit, having a licence issued by the FCA. In 2020 Contis gained membership of Mastercard.

As a result of its acquisitions, considerable expenditure on IP development, technology, Issuer/Processor capabilities for both Visa and Mastercard Europe and being linked to UK and SEPA banking rails, the Group has the ability to create personal accounts and issue associated cards throughout all of the 31 EEA states that can be used globally.

On 23 December 2021 the shareholders of the Company completed the sale of the group to Solaris SE. The combination of the two groups provides an unrivalled Banking-as-a-Service offer to the European market. With our complementary product sets and geographical coverage, we're proud to become a complete end-to-end one-stop-shop for fintechs, banks and corporates embedding finance in their offer. Together our services cover fiat and crypto assets, lending as well as payments, and card issuing and processing across every EEA geography.

Brexit represented a significant success for Contis, as it was ahead of the event having identified its path for the separation of Contis Financial Services Limited following the exit of the UK from the EU. In November 2020 the group switched all its European located clients to its Lithuanian E-money licence without disruption and developed an even stronger go to market proposition for the EU business opportunities. The UK business retained its FCA licencing and again through our ability to offer a full pan-European payments capability, won many new clients from providers who had not protected themselves against the impacts of Brexit.

The Group's processing platform technology is developed in house and is fully certified by Visa and Mastercard Europe. It can issue cards, authorise, settle and manage transactions worldwide.

The Group's technology platform and associated operations gained the highest industry security certification, PCI-DSS Level 1, in December 2015. This certification has been successfully renewed every year since then and places the Group as one of the very few select band of companies meeting this high level of security in the payments industry.

Contis Technologies Limited is recognised by the industry as reliable, with 99.9% year on year availability for the last 2 years and as an innovator, this fact being recently endorsed by Contis winning the "Best Innovation Award" at the 2021 Card and Payments Awards, where it was compared with entries from many great industry names and the large banking and technology groups.

The Group is fully engaged with its core mission, to be the home of alternative banking and payments solutions. This involves using its wholly owned technology, regulatory status and marketing skills to introduce banking and card based solutions to those who are unbanked or under banked, as well as to sophisticated high net worth users and corporate clients, requiring their own specialised payments capabilities and 24/7 digital banking payment services.

In 2021 we exposed our Global strategy and restructured our go to market offering to allow Contis to compete everywhere.

We have now structured our business into 3 distinct B2B divisions:

Regulated: Delivering brands a full go to market capability where we are the regulated party, offering full use of all our payments and regulatory licenses to deliver everything from a bank in a box solution (BAAS), through to a simple cost effective faster payments or prepaid card solution.

Managed services: Delivering the technology to process bank and card scheme payments on our real time state of the art cloud based platforms, which can support our regulated partners to deliver the latest in digital payments and loyalty through contracting with us. Moving forward the technology will be made available to regulated and non regulated businesses on a global basis, with its initial move into the APAC region, following the incorporation of a new entity in Singapore in May 2022.

Strategic Report (continued)

Business Review (continued)

Financial Inclusion: Our range of regulated and non regulated capabilities are designed to assist Credit Unions, Community Banks and the like to offer a truly real time digital solution to their customers and remove legacy from their back office whilst driving digital customer/member recruitment at the front end.

Future Outlook

The Group is now positioned to expand exponentially and is focused on expanding its global capabilities, by exploring new geographical areas, where its unique products can deliver dynamic growth opportunities.

The Group has, over the last year, focused on enhancing its executive management in sales and marketing, Risk, Compliance and Technical support, along side its development capabilities.

Following the invasion of Ukraine, the Group has taken measures to comply with the sanctions imposed by governments across the world and assisted a small number of its employees who live in countries nearby to the conflict.

The conflict in Ukraine, remains a risk, as the impacts are still unknown to the wider economy and the movement of money which is a core driver for the Group's products and services. But to date there has been minimal impact and the Company continues to grow.

The current cost of living crisis may have an impact on the future of the business, due to reduced consumer spending, leading to a lower take up of new accounts and cards and lower transaction levels.

Principal Risks and Uncertainties

It is recognised that the Group is exposed to a number of risks. The key business risks and uncertainties affecting the Group relate to the maintenance of its investments in its wholly owned subsidiary companies and the ability of these subsidiaries to deliver the sales required to generate cash, profit and shareholder returns in the near future and for the longer term, the continuing pandemic, exposure to fraud or money laundering and the associated cyber risks to our technology platforms.

Subsidiary revenue generation risk

The risk associated with the ability of our subsidiary companies to generate significantly increased sales is now mitigated by a number of factors. The development work the Group has undertaken, has included achieving Principal Visa and Mastercard Europe memberships, full e-money licences covering all of the EEA and UK and in 2020 reaching a credit status with Visa and Mastercard, where it now has the right to sponsor existing financial institutions to be associated members of Visa. These developments have elevated the Group to the status of one of the few true end to end European BAAS providers in the banking and prepaid/debit card industry. The Directors expect that, following this period of on-going investment, the Group has created a robust platform with a proven operational availability of 99.9% year on year, from which to achieve future growth with sales expected to grow significantly over the next few years based on the contracts concluded at the date of signing these accounts, and its significant pipeline of opportunities created by the restructuring of our go to market capabilities.

The Group works hard to retain strong relationships with existing customers to promote long term, mutually beneficial relationships, but also as a regulated business will move to exit clients who fail to meet the required regulatory and financial requirements.

Fraud and money laundering risk

The Group operates in the financial services sector and on an increasingly international scale. Therefore, one of our primary operational risks is the potential failure to maintain on-going compliance standards meeting the requirements of relevant regulatory bodies and legislation, both domestic and overseas. The Directors take compliance with all relevant legislation and regulation across our markets seriously and continually monitor the legal and regulatory environment in which we operate. They are ably supported by a dedicated, Head of Risk, Internal General Counsel, Compliance Director and team, who focus on ensuring compliance with existing legislation, whilst also considering the impact of new regulatory requirements. A significant investment in Featurespace's fraud based technology has greatly enhanced the Group's capabilities.

Strategic Report (continued)

Principle Risks & Uncertainties (continued)

Fraud and money laundering risk (continued)

A number of measures are in place to help detect and prevent the risk of fraud and money laundering. Fraud and anti-money laundering checking is undertaken electronically within the Contis system and a well-trained customer services team also help to identify potential fraud cases. Depending on the severity of the threat, an account can be blocked immediately or can be flagged for on-going review. Loading and transferring money from credit cards onto accounts is not permitted at this time and a maximum account balance is imposed, following regular programme reviews for every scheme on our platform. Further strengthening our anti-fraud and money laundering measures is an ongoing investment requirement.

Technology risk

As a Financial Services group highly reliant on technology, the Group protects against the risk of adverse impact on proprietary operating technology with a number of measures including, but not limited to, firewalls, password encryption and anti-virus software with backups held remotely. The Group also commissions regular penetration testing of all of its platforms and has invested in reaching the highest industry standards by completing its full PCI-DSS Level one compliance certification. In the event of power outages, there is an auxiliary power facility. The Group has invested in full Active-Active remote cloud based backup system which run in parallel with our main platforms to provide full support if needed. Our backup systems are tested on a monthly basis. The Group also has a business continuity plan that is reviewed on a regular basis.

Interest rate risk

The Group finances its operations through a mixture of equity finance and fixed interest borrowings from its principal shareholders. This limits the Group's exposure to interest rate fluctuations as they are fixed for the long term.

Liquidity Risk

The Group seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs, utilising detailed cash flow analysis and forecasts and issuing share capital or obtaining loans as necessary to cover its needs.

Credit Risk

The Group and the Company are exposed to the credit risk on cash balances in transit from retailers and customers and corporate balances with the Group's bankers. Bank balances and customer deposits are maintained with a number of reputable UK and European high street banks and held in segregated trust accounts which are fully safeguarded.

Cash held on behalf of customers

The group has made strategic and significant moves over the last years to provide full security of client funds, these being held in safeguarded accounts with suitable institutions meeting the required risk profiles. Clients funds are safeguarded by the existence of trust deed which confirm the holder of client monies do so under trust and therefore do not become part of the Banks own funds under management.

The company uses external consultants to review that safeguarding measures meet our regulators requirements and those required by our board of directors.

The company has, as required by regulation, a wind down plan which incorporates the full delivery of client funds back to them in the event of such an event.

Strategic Report (continued)

Section 172 (1) Statement

The Directors of the Company consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to Section 172 (a)-(f) of the Companies Act 2006. The following disclosures form the Directors' statement required under section 414CZA(1) of the Companies Act 2006.

Key stakeholder	Key considerations	Method of assessment	Basis of the board's deliberations
Employees	<p>Culture.</p> <p>Awareness of the Group's strategic goals and company direction.</p> <p>Investment in people through Learning & Development, and career progression.</p> <p>Remuneration & Benefits.</p> <p>Work/life balance.</p>	<p>All staff have access to hibob, the Group's online Human Resource Information System.</p> <p>Introduction of the "Infinity Awards". A quarterly award to recognise outstanding contribution by an employee who demonstrates the Group's core values, nominated by their peers.</p> <p>Townhalls held for the Group's entire workforce every other month as a minimum.</p> <p>Employees and managers undertake half yearly performance reviews to ensure that their goals, learning & development and performance is progressing and being supported.</p> <p>An annual review of salaries and benefits packages is undertaken which is benchmarked against external market data.</p> <p>Policies in place to provide employees with the opportunities to request flexible working requests, to help balance the demands of work and home life.</p>	<p>The Group has built a culture based upon the core values of Contis: Customers; Ownership; Nimble; Teamwork; Innovation and Simplicity.</p> <p>These 6 core values drive the behaviours and conduct of our people and their interactions with customers, suppliers, shareholders, community and environment.</p> <p>The HRIS, hibob, covers HR essentials, whilst promoting teamwork, learning & development and recognition through 'shout outs' to recognise an employee's contribution, linking the behaviour to its core values.</p> <p>Group wide Townhalls company updates are held which are an opportunity to outline key achievements, financial performance and strategic goals of the business.</p> <p>Each week the Group has 'Speakers Corner', which gives all employees the opportunity to attend and raise any matter for discussion with the rest of the business.</p> <p>The Group has an "open door" policy with all staff able to access the Board and Exec Team. Across the organisation, everybody sits in an open plan office. As a consequence, the Board and Exec Team are visible and approachable by all staff, and allows the Board and Exec Team to regularly engage with employees outside their immediate teams.</p>

Strategic Report (continued)

Section 172 (1) Statement (continued)

Key stakeholder	Key considerations	Method of assessment	Basis of the board's deliberations
<p>Clients, Account Holders, suppliers, regulators and lenders</p>	<p>High standards of business conduct Trusted service.</p> <p>Treating Customers Fairly (Account Holders).</p> <p>Up to date information and effective communication channels.</p> <p>Speed and timeliness of response.</p> <p>A diverse product and service offering, with continual innovation to remain relevant.</p>	<p>Account Managers hold frequent meetings with customers on a monthly basis or more frequently as required.</p> <p>A client survey is issued annually to assess the overall level of service provider, areas of strength & improvement, and foster long-term relationships.</p> <p>Account Holders have access to customer service agents to assist with queries, and in the case of unresolved disputes access to the Financial Ombudsman Service.</p> <p>Monthly service update meetings are held with key suppliers to review performance, track issues through to resolution, understand product/service improvements in the pipeline and foster long-term relationships.</p> <p>A dedicated Product team, delivering system enhancements and new products and services in a fast moving fintech market.</p>	<p>The Group is a regulated financial entity. As a consequence, policies, procedures and guidelines are in place to cover key responsibilities, including but not limited to safeguarding of client/account holder funds, Money Laundering, Data Protection and Treating Customers Fairly (TCF).</p> <p>The Group is PCI-DSS level 1 compliant, to maintain the integrity and security of systems and information.</p> <p>Each client is assigned an Account Manager, who is their advocate within the business.</p> <p>Suppliers have access to both the procurer of their product/services and the accounts team to discuss status of purchase invoices.</p> <p>A 24/7 Monitoring Team to oversee the platform and notify any issues. An Account Holder and Client facing Resolution team to communicate issues and provide updates in a timely manner. A post event report to identify the cause(s) of any problems and corrective actions to avoid any repetition.</p> <p>Product roadmap of new product and service developments. Introduction of 'Brilliant Minds' an employee recognition and reward program to foster new product ideas from within the business that can be developed commercially.</p> <p>Lenders have access to information in a timely manner and to agreed dates. In addition, they have access to the Board, Exec Team and other key employees as and when required.</p>

Strategic Report (continued)

Section 172 (1) Statement (continued)

Key stakeholder	Key considerations	Method of assessment	Basis of the board's deliberations
Shareholders	<p>Company performance (financial and operational).</p> <p>Capital allocation/use of company funds.</p> <p>Strategic execution, having regard for both short term needs and longer term investment.</p> <p>Investment plans.</p> <p>Effective and timely communication.</p>	<p>Information relating to company performance is publicly available in line with financial reporting standards.</p> <p>During the period major shareholders have either board representation or invited to board meetings, and receive monthly board packs covering all aspects of business performance. In addition, major shareholders approve the annual budgets and strategic investments.</p>	<p>The Group prepares detailed reports are prepared on a monthly basis covering financial performance, funding/investment, operations, business development, account management, product development and customer services. These cover highs/lows, improvements, opportunities and risks.</p> <p>The company has continued to invest in people and technology, generating greater efficiencies across the business and providing scalability in line with the growth of the business.</p> <p>Major shareholders have access to the Board outside of the formal reporting processes. In addition, the Board and Exec Team attend the major shareholder meetings if requested.</p>

Impact of the company's operations on the Community	Impact of the company's operations on the Environment
<p>In considering the Group's impact on the community, the Group supports local and national charities by holding various events for staff to raise funds. Each year, the Group makes a corporate donation to The Centre for Social Justice Financial Inclusion Unit.</p> <p>The Group encourages and supports employees in their own community activities and fundraising efforts, through the provision of time and, where possible, matched financial contribution.</p>	<p>The Group is committed to behaving responsibly and to minimising its impact on the environment. We seek to minimise our energy, water, paper/cardboard and plastics usage, through design, infrastructure and behaviour by:</p> <ul style="list-style-type: none"> • Minimising waste and adopting sensible recycling policies in respect of our paper, cardboard and plastics. • Minimise travel to other offices and making visits efficient as possible. • Encouraging staff to walk or cycle to work where feasible. • Ensuring that heat/cooling sources, electrical equipment and lights are turned off when not in use. • Developing payment technologies that reduce the need for raw materials, such as virtual debit cards and online PIN retrieval in place of physical plastic cards and PIN mailers.

Strategic Report (continued)

Key Performance Indicators

Given the nature of the parent company as primarily an investment company, the Directors are of the opinion that analysis using KPIs is not necessary. The KPIs for the Group's main subsidiaries focus on the number of accounts in active use, the transaction value handled through these accounts, and the revenue generated. The Group achieved an increase in accounts from 2,672,879 to 3,356,706 between January 2022 and December 2022, which follows an increase from 1,392,608 to 2,672,879 accounts in the previous 9 month period to December 2021. In addition, the transaction value processed through the Visa platform and banking platform combined totalled £9.9 billion in the year ended 31 December 2022, comparable to a total of £6.7 billion in the previous 9 month period to Dec 21. A high percentage of our accounts are primary in nature, which means we receive regular salary, wage and state benefit deposits which mean their activity is higher than many companies in the sector who offer alternative banking solutions. In the coming years we believe with the growth of our commercial banking transactional business, introduction of stand alone processing and increased focus on Financial Inclusion, we will be moving to a pure transactional approach to KPI's as these will be more representative of our activities.



L. Johnstone
Director

28th September 2023

Directors' Report

Results & Dividends

The results for the year are set out on the Statement of Profit and Loss and Other Comprehensive Income on page 17. The profit for the year was £10,080,927 (31 Dec 2021: £472,497 loss).

The Directors do not recommend the payment of a final dividend (31 Dec 2021: £nil).

Directors

The following Directors have held office during the financial year and as at the date of signing:

Lee Johnstone
Roland Folz - (retired 28 April 2023)
Peter J Cox - (retired 14 March 2022)
Andrea Ramoino (appointment 10 March 2023)
Chloe Mayenobe (retired 31 July 2023)

Creditor Payment Policy

The Group's current policy concerning the payment of trade creditors is to:

- Settle the terms of payment with the suppliers when agreeing the terms of each transaction.
- Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts.
- Pay in accordance with the Group's contractual and other legal obligations.

The Group's trade creditors at 31 December 2022 were equivalent to 57 days of purchases (2021: 84 days).

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution to reappoint BDO LLP as auditors of the Group and Company will be proposed at the next Annual General Meeting.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Statement of Going Concern

The financial statements are prepared on a going concern basis, with the Group reporting an operating profit of £11.1m for the year to 31 December 2022 (Dec 2021: £3.0m), operating cash inflows of £5.7m (Dec 2021: £9.7m inflow), net assets of £10.4m (Dec 2021: Net assets of £14.4m), loans due within one year of £nil (Dec 2021: £2.7m) and cash of £18.1m (Dec 2021: £23.9m).

The Parent Company is a holding entity and as such the going concern is dependent on the Group therefore the going concern assessment was performed as part of the Group's assessment.

The Group and Parent Company's immediate parent company is Solaris SE, a company registered in Berlin, Germany ("Solaris SE"). Solaris SE has prepared financial statements for the year ended 31 December 2022 on a going concern basis, however Solaris SE has noted that it will be necessary in the future to obtain additional equity in order to safeguard its regulatory capital ratios. The amount of additional equity required by Solaris SE is dependent upon it being able to generate positive operating earnings contributions in the future on the basis of the planned further growth. To this end, the shareholders of Solaris SE have resolved a capital increase that will be recognised in the latter half of 2023, in addition to further measures that are planned to strengthen regulatory capital. If the regulatory capital requirements cannot be met, or can only be met with a significant delay, there is a risk that the German Federal Financial Supervisory Authority ("BaFin") will take the measures it deems necessary, which may even result in the termination of business operations of the entire Group, this will include operations within the Group and Parent Company. As a result this indicates that a material uncertainty exists which may cast significant doubt on the Group

Directors' Report (continued)

and Parent Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group is profitable, has significant cash reserves and operates almost autonomously from Solaris SE under regulatory supervision in the United Kingdom.

The Directors have prepared cash flow forecasts for the period to 31 December 2024 of the Group which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Directors have applied reasonably possible downsides to their base case cash flow forecasts to assess the possible impact of reduced forecast income streams, particularly in light of the current economic situation and the potential scenarios given the financial position of the immediate parent company. The downside forecasts and scenarios indicate that the Group will have sufficient funds, through its existing cash reserves, to meet its liabilities as they fall due for that period.

Based on the above, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate. Further information can be found in note 1 to the financial statements.

Political and charitable contributions

The Group made charitable donation during the year of £6,850 (31 Dec 2021: £8,000). The Group did not make any political donations during the year (31 Dec 2021: £nil).

By order of the Board



L. Johnstone
Director

28th September 2023

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK adopted International accounting standards (IAC's).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditor's Report to members of Contis Group Limited

Opinion on the financial statements

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 2022 and of the Group and the Parent Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Contis Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise the statement of profit and loss and other comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the cashflow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Group and Parent Company's immediate parent company Solaris SE will require additional equity to safeguard its regulatory capital ratios. If the regulatory capital requirements of the immediate parent company cannot be met, or are met with significant delays, there is a risk that the German Federal Financial Supervisory Authority ("BaFin") will take the measures it deems necessary, which may result in the termination of business operations of the entire Group, this will include operations within the Group and Parent Company.

As stated in Note 1, these events, or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 members of Contis Group Limited (continued)

Other Companies Act 2006 reporting

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.

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.

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

As explained more fully in the Statement of Directors' Responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations;

Independent Auditor's Report to members of Contis Group Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

We considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation, FCA regulations.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities and FCA for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be Management override of controls and Revenue recognition.

Our procedures in respect of the above included:

Management override:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates and judgements made by management for bias.

Revenue recognition:

- Challenging management's assessment of the impact of IFRS 15 on financial statements;
- Recalculating variable and fixed revenue from COMS and from CNR reports respectively;
- Agreeing the details of specific transactions to the signed terms of business; and

Performed cutoff procedures at period end to verify that revenue is accounted for in the correct period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-

Independent Auditor's Report to members of Contis Group Limited (continued)

compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Orla Reilly

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Orla Reilly (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

28th September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Profit and Loss and Other Comprehensive Income

For the year ended 31 December 2022

		Group		Company	
		Full year to 31 December 2022	9 months to 31 December 2021	Full year to 31 December 2022	9 months to 31 December 2021
	Notes	£	£	£	£
Revenue	2	56,010,585	36,084,663	7,767,523	1,033,615
Cost of sales		(28,020,010)	(18,052,880)	–	–
Gross profit		27,981,772	18,031,783	7,767,523	1,033,615
Operating expenses - other	3	(16,849,562)	(12,583,510)	(7,413,210)	(1,871,240)
Operating expenses - exceptional		–	(2,471,691)	–	(2,471,691)
Operating profit/(loss)		11,132,210	2,976,582	354,313	(3,309,316)
Other income/(expenses)	6c	953,808	(1,890,760)	–	–
Profit/(loss) before interest and tax		12,086,018	1,085,822	354,313	(3,309,316)
Finance income and other similar income	6a	139,003	–	–	–
Finance costs	6b	(357,637)	(545,542)	(181,987)	(193,577)
Profit/(loss) before tax		11,867,384	540,280	172,326	(3,502,893)
Taxation	7a	(1,786,457)	(1,012,777)	–	–
Profit/(loss) for the period		10,080,927	(472,497)	172,326	(3,502,893)
Other comprehensive income					
<i>Items that will not be reclassified to profit and loss:</i>					
Fair value adjustment on Visa Inc. preferred shares	12	(23,955)	1,028,395	–	–
Deferred tax	7b	238,452	(22,289)	–	–
Transfer to (accumulated losses)/retained earnings from the sales of Visa Inc. preferred shares	12	(929,853)	(1,850,531)	–	–
Profit/(loss) on foreign currency translation differences - foreign operations		213,651	(25,596)	–	–
Total other comprehensive loss		(501,705)	(870,021)	–	–
Total comprehensive income/(loss) for the period		9,579,222	(1,342,518)	172,326	(3,502,893)

The notes on pages 23 to 53 form an integral part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2022

		31 December 2022	31 December 2021
	Notes	£	£
Non-current assets			
Internally developed intangible assets	8	277,881	364,509
Other intangible assets	9	330,902	365,488
Property, plant and equipment	10	384,122	159,392
Right of use asset	24	1,683,942	2,328,765
Financial assets – Visa Inc. preferred shares	12	936,952	1,890,760
		<u>3,613,799</u>	<u>5,108,914</u>
Current assets			
Trade and other receivables	13	7,276,698	4,323,528
Other financial assets – Visa Collateral	14	–	3,050,000
Cash held in Banks in respect of customers		180,370,374	171,987,088
Cash and cash equivalents		18,054,425	23,987,880
		<u>205,701,497</u>	<u>203,348,496</u>
Total assets		<u>209,315,296</u>	<u>208,457,410</u>
Current liabilities			
Trade and other payables	15	(190,488,072)	(186,778,951)
Lease liabilities	24	(775,596)	(637,200)
Interest-bearing loans and borrowings	17	–	(2,745,000)
		<u>(191,263,668)</u>	<u>(190,161,151)</u>
Non-current liabilities			
Lease liabilities	24	(1,132,088)	(1,907,683)
Deferred tax liabilities	19	(55,774)	(53,914)
Interest bearing loans and borrowings	17	(5,510,306)	–
Other non-current financial liabilities	18	(936,952)	(1,890,760)
		<u>(198,898,788)</u>	<u>(194,013,508)</u>
Total liabilities		<u>(198,898,788)</u>	<u>(194,013,508)</u>
Net assets		<u>10,416,508</u>	<u>14,443,902</u>
Equity			
Share capital	21	100	16,100,009
Share premium	21	–	16,300,136
Other comprehensive income reserve		831,420	1,333,125
Accumulated profit/(losses)		9,584,988	(19,289,368)
Total shareholders' funds		<u>10,416,508</u>	<u>14,443,902</u>

These financial statements were approved by the board on 28th September 2023 and were signed on its behalf by:



L Johnstone

Director

Company registration number: 06499022

The notes on pages 23 to 53 form an integral part of these financial statements.

Company Balance Sheet

As at 31 December 2022

		31 December 2022	31 December 2021
Notes		£	£
Non-current assets			
Investments	11	1,294,273	1,294,273
		<u>1,294,273</u>	<u>1,294,273</u>
Current assets			
Trade and other receivables	13	494,742	88,249
Cash		172,026	9,871,587
		<u>666,768</u>	<u>9,959,836</u>
Total assets		<u>1,961,041</u>	<u>11,254,109</u>
Current liabilities			
Trade and other payables	15	(2,940,680)	(4,309,763)
Other payables	16	(250,000)	(250,000)
		<u>(3,190,680)</u>	<u>(4,559,763)</u>
Non-current liabilities			
Interest-bearing loans and borrowings	17	(5,510,306)	-
Total liabilities		<u>(8,700,986)</u>	<u>(4,559,763)</u>
Net (liabilities)/assets		<u>(6,739,945)</u>	<u>6,694,346</u>
Equity			
Share capital	21	100	16,100,009
Share premium	21	-	16,300,071
Accumulated losses		<u>(6,740,045)</u>	<u>(25,705,734)</u>
Total shareholders' (deficit)/funds		<u>(6,739,945)</u>	<u>6,694,346</u>

These financial statements were approved by the board on 28th September 2023 and were signed on its behalf by:



I Johnstone

Director

Company registration number: 06499022

The notes on pages 23 to 53 form an integral part of these financial statements.

Statement of Changes in Equity

Group

	Share capital	Share premium	Share based payment reserve	Other comprehensive income reserve	(Accumulated losses)/Retained earnings	Total
	£	£	£	£	£	£
Balance at 1 April 2021	9,280,489	5,877,091	1,225,571	2,203,146	(23,681,413)	(5,095,116)
Loss for the year	-	-	-	-	(472,497)	(472,497)
Loan conversion to Equity	3,758,124	6,275,794	-	-	-	10,033,918
Fair value adjustment on Visa Inc. preferred shares	-	-	-	1,028,395	-	1,028,395
Series B Visa Inc. preferred shares	-	-	-	(1,850,531)	1,850,531	-
Deferred tax on preference shares	-	-	-	(22,289)	-	(22,289)
Charges on grant of new share options	-	-	1,788,440	-	-	1,788,440
Foreign Exchange reserve	-	-	-	(25,596)	-	(25,596)
Exercised share Option and warrants	3,061,396	4,147,251	(3,014,011)	-	3,014,011	7,208,647
Balance at 31 December 2021	16,100,009	16,300,136	-	1,333,125	(19,289,368)	14,443,902
Profit for the year	-	-	-	-	10,080,927	10,080,927
Fair value adjustment on Visa Inc. preferred shares	-	-	-	(23,955)	-	(23,955)
Series B Visa Inc. preferred shares	-	-	-	(929,853)	-	(929,853)
Deferred tax on preference shares	-	-	-	238,452	-	238,452
Foreign Exchange reserve	-	-	-	213,651	-	213,651
Share capital reduction (note 21)	(16,099,909)	(16,300,136)	-	-	32,400,045	-
Dividend to ultimate group	-	-	-	-	(13,606,616)	(13,606,616)
Balance at 31 December 2022	100	-	-	831,420	9,584,988	10,416,508

The notes on pages 23 to 53 form an integral part of these financial statements.

Statement of Changes in Equity (Continued)

Company

	Share capital	Share premium	Share based payment reserve	(Accumulated losses)/Retained earnings	Total
	£	£	£	£	£
Balance at 1 April 2021	9,280,489	5,877,091	1,225,571	(25,216,852)	(8,833,701)
Loss for the year	-	-	-	(3,502,893)	(3,502,893)
Charges on grant of new share options	-	-	1,788,440	-	1,788,440
Loan conversion to Equity	3,758,124	6,275,729	-	-	10,033,853
Exercised Share Option and warrants	3,061,396	4,147,251	(3,014,011)	3,014,011	7,208,647
Balance at 31 December 2021	16,100,009	16,300,071	-	(25,705,734)	6,694,346
Profit for the year	-	-	-	172,326	172,326
Share capital reduction	(16,099,909)	(16,300,071)	-	32,399,980	-
Dividend to ultimate group	-	-	-	(13,606,617)	(13,606,617)
Balance at 31 December 2022	100	-	-	(6,740,045)	(6,739,945)

The notes on pages 23 to 53 form an integral part of these financial statements.

Cash Flow Statement

For the year ended 31 December 2022

	Group		Company	
	Full year to 31 December 2022	9 months to 31 December 2021	Full year to 31 December 2022	9 months to 31 December 2021
	£	£	£	£
Profit/(loss) before tax	11,867,384	540,280	172,326	(3,502,893)
Finance costs	357,637	545,542	181,987	193,577
Finance income	(139,003)	–	–	–
Non operating (income)/expense	(953,808)	1,890,760	–	–
Operating profit/(loss) for the period	11,132,210	2,976,582	354,313	(3,309,316)
<i>Adjustments for:</i>				
Depreciation, amortisation and impairment	1,660,784	725,826	–	–
Dividends received	(19,152)	–	(6,316,109)	–
IFRS2 share based payment charge	–	1,788,440	–	1,788,440
Movement in working capital:				
Trade and other receivables	(627,400)	(1,703,031)	(406,493)	116,025
Cash held in Banks in respect of customers	(8,383,286)	(55,494,165)	–	–
Trade and other payables	3,710,981	61,806,207	(1,369,082)	4,174,390
Cash generated from operations	7,474,137	10,099,859	(7,737,371)	2,769,539
Interest paid	(188,348)	(358,277)	(181,987)	(181,577)
Interest received	139,003	–	–	–
Tax paid	(1,548,005)	(15,521)	–	–
Net inflow from operating activities	5,876,787	9,726,061	(7,919,358)	2,575,962
Cash flows from investing activities				
Acquisition of intangible assets	(99,538)	(72,630)	–	–
Proceeds from sale of Property, plant and equipment	12,434	–	–	–
Acquisition of property, plant and equipment	(308,120)	(105,990)	–	–
Sale of Financial Asset	–	3,012,818	–	–
Dividends received	19,152	–	6,316,109	–
Net cash (outflow)/inflow from investing activities	(376,072)	2,834,198	6,319,109	–
Cash flows from financing activities				
Repayment of lease liabilities	(806,488)	(737,295)	–	–
Proceeds from long-term borrowings	5,510,306	–	5,510,306	–
Repayment of loans	(2,745,000)	(10,043,104)	–	(10,043,104)
Net proceeds from issues of shares	–	17,242,500	–	17,242,500
Dividend paid	(13,606,617)	–	(13,606,617)	–
Net cash (outflow)/inflow from financing activities	(11,647,799)	6,462,101	(8,096,311)	7,199,396
Net (decrease)/increase cash	(6,147,084)	19,022,360	(9,699,560)	9,775,358
Cash and cash equivalents at 1 January	23,987,880	4,868,562	9,871,586	96,229
Exchange gain on cash and cash equivalents	213,629	96,958	–	–
Cash and cash equivalents at 31 December	18,054,425	23,987,880	172,026	9,871,587

Cash Flow Statement (continued)

	Group		Company	
	Full year to 31 December 2022 £	9 months to 31 December 2021 £	Full year to 31 December 2022 £	9 months to 31 December 2021 £
Cash and cash equivalents	18,054,425	23,987,880	172,026	9,871,587
Cash held at central banks and other banks in respect of customers	180,370,374	171,987,088	–	–
Cash and cash equivalents at 31 December	198,424,799	195,974,968	172,026	9,871,587

During the year, a non-cash movement of £32.6m of share premium and share capital was transferred to distributable reserves.

The notes on pages 23 to 53 form an integral part of these financial statements.

The cash movement in borrowings is non-complex. In line with IAS7:44, no reconciliation is required.

Notes to the Financial Statements

1. Accounting policies

Incorporations and operations

Contis Group Limited is a private company, limited by shares, incorporated and domiciled in the United Kingdom. The company accounts include the accounts of Contis Group Limited and all of its subsidiaries (together the 'Group').

The registered office of Contis Group Limited is Navigation House, Belmont Wharf, Skipton, United Kingdom BD23 1RL.

Basis of preparation

The Group's financial statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

For the year ended 31 December 2022, the following subsidiaries of the Company were entitled to exemption from audit under Section 479C of the Companies Act 2006 relating to subsidiary companies:

- Contis Collections Limited: Registration Number: 05318731
- The Gift & Loyalty Group Limited: Registration Number: 03941797

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The functional currency of the Group is GBP. The Group's financial statements are presented in GBP and all values are rounded to the pound, except where otherwise indicated.

1.1 Measurement convention

These financial statements are prepared on the historical cost basis, except for financial instruments whose fair value is measured through other comprehensive income or profit or loss.

1.2 Going concern

The financial statements are prepared on a going concern basis, with the Group reporting an operating profit of £11.1m for the year to 31 December 2022 (Dec 2021: £3.0m), operating cash inflows of £5.9m (Dec 2021: £9.7m inflow), net assets of £10.4m (Dec 2021: Net assets of £14.4m), loans due within one year of £nil (Dec 2021: £2.7m) and cash of £18.1m (Dec 2021: £23.9m).

Notes (continued)

1. Accounting policies (continued)

1.2 Going concern (continued)

The Parent Company is a holding entity and as such the going concern is dependent on the Group therefore the going concern assessment was performed as part of the Group's assessment.

The Group and Parent Company's immediate parent company is Solaris SE, a company registered in Berlin, Germany ("Solaris SE"). Solaris SE has prepared financial statements for the year ended 31 December 2022 on a going concern basis, however Solaris SE has noted that it will be necessary in the future to obtain additional equity in order to safeguard its regulatory capital ratios. The amount of additional equity required by Solaris SE is dependent upon it being able to generate positive operating earnings contributions in the future on the basis of the planned further growth. To this end, the shareholders of Solaris SE have resolved a capital increase that will be recognised in the latter half of 2023, in addition to further measures that are planned to strengthen regulatory capital. If the regulatory capital requirements cannot be met, or can only be met with a significant delay, there is a risk that the German Federal Financial Supervisory Authority ("BaFin") will take the measures it deems necessary, which may even result in the termination of business operations of the entire Group, this will include operations within the Group and Parent Company. As a result this indicates that a material uncertainty exists which may cast significant doubt on the Group and Parent Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group is profitable, has significant cash reserves and operates almost autonomously from Solaris SE under regulatory supervision in the United Kingdom.

The Directors have prepared cash flow forecasts for the period to 31 December 2024 of the Group which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Directors have applied reasonably possible downsides to their base case cash flow forecasts to assess the possible impact of reduced forecast income streams, particularly in light of the current economic situation and the potential scenarios given the financial position of the immediate parent company. The downside forecasts and scenarios indicate that the Group will have sufficient funds, through its existing cash reserves, to meet its liabilities as they fall due for that period.

Based on the above, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at the date. Foreign exchange differences arising on translation are recognised in the statement of profit and loss and other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

1.4 Basis of consolidation

Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

In the statement of financial position, the acquirees identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

Notes (continued)

1. Accounting policies (continued)

1.4 Basis of consolidation (continued)

Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations:

The Group financial statements consolidate those of the company and its subsidiary undertakings drawn up for a full 12 months using the acquisition method of accounting.

1.5 Revenue recognition

The Group generates revenues from its two principal operations:

- accounts – incorporating transaction banking fees, Visa debit, Visa prepaid and Visa corporate income streams; and
- revenue reflects amounts invoiced to clients or generated from the CRM (In-house Customer Relationship Management software used to manage cardholder accounts) in the form of cardholder fees which are deducted from their available cash balance.

Revenues are generated from two sources:

	Description	Recognition
Cardholder revenue	Revenues generated directly from cardholders, either paid directly by the cardholder (e.g. card issuance fee) or deducted from the cardholder's available balance based upon their transaction activity and agreed terms and conditions of business	Card issue fees are recognised after the first monetary load by the customer where a card issue fee applies. Cardholder fees are charged at a point in time even if this drives a cardholder balance into a negative position. Once the balance is negative, the cardholder cannot transact if funds are not available. The only charge that is applied to the account thereafter is the monthly fee for the provision of the account; however this is only charged for a maximum period of two months. The fees charged are recognised as revenue. However a provision for overdrawn balances is created until such time as the cardholder loads funds, at which point the fees generate cash that can be taken by the Company.
Client invoicing	Sales invoices issued to our partners relating to white label programmes for set up fees, ad hoc development requests, monthly minimums (commitments by partners to generate monthly revenues above a contracted minimum) or transaction fees paid by the partner instead of the cardholder.	Monthly minimums (commitments by partners to generate monthly revenues above a contracted minimum) and transactions fees (e.g. ATM fees) are invoiced at the end of the month in which the activity occurred. Revenue generated from the set up of 'White Label' schemes is recognised over time by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

IFRS 15 provides a standardised five-step model to recognise all types of revenue earned from customer contracts. The Group provide its services to clients and cardholders, with revenues generated from 3 fee categories:

1. monthly account fees including monthly minimums;
2. transaction fees from banking and card transactions; and
3. set up fees.

Notes (continued)

1. Accounting policies (continued)

1.5 Revenue recognition (continued)

Below are the 5 steps followed to recognise revenue from customer contracts under these 3 fee categories.

	Monthly fees	Transaction fees	Set-up fees
1. Identify contract	Each client or cardholder either signs a contract or accepts terms and conditions, which convey each parties rights and obligations.	Each client or cardholder either signs a contract or accepts terms and conditions, which convey each parties rights and obligations.	Each client signs a contract which convey each parties rights and obligations.
2. Identify performance obligation	The contract or terms and conditions clearly identify the monthly fees involved. The only performance obligation is making the account available for use. The client or cardholder activity does not influence the fee being charged.	The contract or terms and conditions clearly identify the transaction services available. The performance obligation is providing the transaction initiated by the client or cardholder.	Under the contract there is clear identification of the set up services to be provided by the Company in a schedule to the contract.
3. Determine transaction price	Under the contract and terms and conditions, any applicable monthly fee is included.	Under the contract and terms and conditions, each transaction service has an associated fee.	Under the contract there is clear identification of the set up fees associated with the set up services.
4. Allocate transaction price	At the point the monthly fee is charged there is likely to be an unsatisfied performance obligation (i.e., to provide the account for the remainder of the month), however this obligation will be fulfilled by the end of the month, when the fee is recognised.	At the point the transaction is initiated by the client or cardholder, the associated fee can be identified.	Under the contract there is clear identification of the set up fees associated with each aspect of the set up services.
5. Recognised revenue either over time or at a point in time	The monthly account fee for a specific month is charged at a point in time, once during that month.	At the point the transaction is initiated by the client or cardholder, the performance obligation has been fulfilled, and the transaction fee recognised at a point in time.	The performance of a set up can take a few weeks to several months. Each set up has a series of milestones to monitor progress. The associated fees are recognised over time as client receives a benefit, creates a client asset and an enforceable right to payment.

1.6 Intangible assets

Acquired software platform costs and external certification costs incurred are capitalised and amortised on a straight-line basis over the anticipated useful life, which is normally 10 years.

Notes (continued)

1. Accounting policies (continued)

1.6 Intangible assets (continued)

Research and development

The Group's activities include research and development on its CRM platform including enhancements for new technology. Research expenditure is recognised as an expense when it is incurred. Development expenditure is capitalised if, and only if the following can be demonstrated:

- it is possible to measure reliably the expenditure attributable to the asset under development;
- the product or process is technically and commercially feasible;
- future economic benefits are probable;
- it is possible to use or sell the developed asset;
- the availability of adequate technical, financial and other resources to complete the asset under development; and
- there is an intention to complete the intangible asset and use or sell.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period. The development expenditure is amortised on a straight-line method over a period of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

1.7 Research & Development tax incentive scheme

The Group has taken advantage of the government's R&D tax incentive scheme, which allows all entities to claim an additional tax deduction for a broad range of generic R&D expenditure in the period in which the expenditure is incurred.

The expenditure is measured by allocating staff resources to projects relating to Research and Development. The Tax claim is recognised at the time of receipt and is credited to other operating expenses.

1.8 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost represents expenditure that is directly attributable to the purchase of the asset.

Depreciation is charged on a straight-line basis, so as to write off the costs of assets less their residual values over their estimated useful lives, on the following basis:

Fixtures, fittings and equipment	-	1-5 years
Computer equipment	-	1-3 years

The assets' estimated useful lives, depreciation rates and residual values are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than its recoverable amount.

The gain or loss arising on disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss and other comprehensive income.

1.9 Investments in subsidiaries and Fixed assets

Investments in subsidiary undertakings and Fixed assets are stated at cost less impairment in value.

1.10 Impairment of property, plant and equipment and intangible assets

At each reporting period, the Group reviews its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss, if any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, with any impairment recognised immediately through the statement of profit and loss and other comprehensive income.

Notes (continued)

1. Accounting policies (continued)

1.11 Classification of financial instruments

IFRS 9 primarily affects the classification and measurement of financial assets. The standard requires that all financial assets be classified as either held at fair value through profit or loss, fair value through other comprehensive income or amortised cost. The amortised cost classification is only permitted where the financial asset is held within a business model where the underlying cash flows are held in order to collect contractual cash flows, and those cash flows arise solely from the payment of principal and interest. Where both of these tests cannot be met, the financial asset is measured at fair value. Financial instruments issued by the Group will be classified as and continue to be measured at amortised cost, other than Visa Inc. preferred shares which will be measured at fair value through other comprehensive income and derivatives which will be measured at fair value through profit or loss.

IFRS 9 offers two approaches for measuring and recognising the loss allowance:

The General approach grades Financial Assets into three stages according to their credit quality. The general approach should be applied for all financial assets subject to impairment, except for trade receivables or contract assets that are without a significant financing component. For these assets the Simplified approach should be applied.

The Company applies the Simplified approach, whereby it is not required to determine the stage of a financial loss, because a loss allowance is recognised always at a lifetime expected credit loss.

1.12 Financial instruments

Non-derivative financial instruments comprise of trade and other receivables, cash at bank and in hand, cash held in banks in respect of customers' loans and borrowings, and trade and other payables.

Financial Assets

Trade and other receivables

Trade receivables are recognised initially at the fair value of the amount receivable and subsequently measured using the simplified approach in accordance with IFRS 9.

Intercompany balances

Impairment provisions for receivables from related parties and loans related parties are recognised on a forward looking expected credit loss basis.

Financial Liabilities

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method in accordance with IFRS 9.

Derivatives are measured at fair value through profit and loss.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rate method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash and demand deposits classified as cash.

Notes (continued)

1. Accounting policies (continued)

1.13 Cash held in Banks in respect of customers

Monies held under the declaration of trust on behalf of account holders are recognised in the Statement of Financial Position as the group has access to the interest on these monies. However, given the restrictions over these monies with a corresponding liability, the amounts held in trust are not included in cash and cash equivalents for the purposes of the statement of cash flows.

1.14 Employee benefits

The Group operates a defined contribution plan, for which it pays contributions to privately administered pension plans on a contractual basis. The contributions are recognised as an employee benefit expense as they fall due.

1.15 Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for share options (equity-settled transactions).

At the grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

1.16 Leases

The Group adopted IFRS 16 Leases retrospectively from 1 April 2019, but did not restate comparatives for the year ended 31 March 2019, as permitted under the specific provisions in the standard. On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 8%.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all leases. The lease liability is measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. The right-of-use asset is measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs. The right-of-use asset is depreciated on a straight-line basis over the life of the lease whilst a finance cost is charged on the outstanding lease liability, over the life of the lease.

The Group has adopted the option not to recognise right-of-use assets and liabilities for low value asset leases. The costs for those leases are expensed to the Income Statement on a straight line basis over the lease term.

The Group determines the incremental borrowing rate by using a build-up approach, starting with the risk free rate, adjusted for credit risk and security.

1.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by 9 month period end and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

1. Accounting policies (continued)

1.18 Provision for impairment of receivables

The Group applies the IFRS 9 simplified approach - no need to determine the stage of a financial asset, because a loss allowance is recognised always at a lifetime expected credit loss.

An assessment is made at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

1.19 Adopted IFRS not yet applied

The following standards and interpretations have an effective date after the date of these financial statements.

None of the standards and interpretations issued but not yet effective are not expected to have a material impact on the company.

Standard or interpretation	Title	Effective for accounting periods beginning on or after
IAS1	The IASB issued 'Classification of Liabilities as Current or Non-current (Amendment to IAS 1)'	1 January 2023
IAS1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
IAS12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
IAS8	Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
IAS1	Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
IFRS16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
IFRS17	Insurance contracts	1 January 2023
IFRS S2	Climate-related Disclosures	1 January 2024
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024

1.20 Accounting estimates and judgements

In the application of the Group's accounting policies which are described in Note 1, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notes (continued)

1. Accounting policies (continued)

1.20 Accounting estimates and judgements (continued)

Trade receivables

The Group's financial assets, including trade receivables have been assessed with a forward-looking 'expected credit loss' (ECL) model. This approach requires judgement about how changes in economic factors affect ECLs, and is determined on a probability-weighted basis.

Fair value of Visa Europe financial asset

IFRS 9 has been applied to the current period numbers and the comparatives. The preferred shares received on disposal of our interest in Visa Europe have been recognised as a financial asset measured at FV through OCI category. The Company has made an irrevocable election to classify the investment at fair value through other comprehensive income rather than through the profit and loss account. Subsequent movements in the fair value, including foreign exchange related movements, in the preferred shares are recognised in other comprehensive income. The value of the Visa Inc. preferred shares is based on the expected conversion ratio, which will be adjusted by Visa Inc. based on the potential losses from Visa Europe interchange litigation under the Litigation Management Deed ('LMD'). When measuring the fair values of the financial asset – Visa Inc. preferred shares, the Company uses observable market data as far as possible. Refer to note 11 financial assets for additional detail. Deferred consideration is measured at fair value.

Share options

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for share options (equity-settled transactions).

At the grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

2. Revenue by Type

	Group	Group	Company	Company
	<i>Full year to</i>	<i>9 months</i>	<i>Full year to</i>	<i>9 months</i>
	<i>31 December</i>	<i>to 31</i>	<i>31 December</i>	<i>to 31</i>
	<i>2022</i>	<i>December 31</i>	<i>2022</i>	<i>December</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Debit, Prepaid and Corporate cards	55,612,991	36,084,663	-	-
Other income - Visa dividends	19,152	-	-	-
Other income - Others	378,442	-	-	-
Dividend from subsidiary	-	-	6,316,109	-
Group Charges	-	-	1,451,414	1,033,615
	56,010,585	36,084,663	7,767,523	1,033,615

Revenue originates from the UK and the EU with the exception of other income that is received from India – Chennai office.

Notes (continued)

3. Expenses and auditors' remuneration

	Group	Group	Company	Company
	<i>Full year to</i>	<i>9 months</i>	<i>Full year to</i>	<i>9 months to</i>
	<i>31 December</i>	<i>to 31</i>	<i>31 December</i>	<i>December</i>
	<i>2022</i>	<i>December</i>	<i>2022</i>	<i>2021</i>
	£	£	£	£
Depreciation of property, plant and equipment	147,045	67,479	–	–
Amortisation of intangible assets	144,816	100,847	–	–
Depreciation of right-of-use assets	644,824	557,500	–	–
Research costs	1,710,251	717,321	–	–
Tax credit on R&D expenditure	(359,670)	(288,806)	–	–
Acquisition costs	–	2,471,691	–	2,471,691
Audit & Accountancy Fees:				
Fees payable to the auditor for the audit of the Group's annual accounts	236,250	182,025	236,250	182,025

The tax credit on research costs relates to the Group's decision to take advantage of the government's R&D tax incentive scheme, which allows all entities to claim an additional tax deduction for a broad range of generic R&D expenditure in the period in which the expenditure is incurred.

4. Staff numbers and costs

Company

The entity does not have any employees.

Group

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	<i>Full year to</i>	<i>9 months to</i>
	<i>31 December</i>	<i>31</i>
	<i>2022</i>	<i>December</i>
	<i>No.</i>	<i>No.</i>
Administration	140	87
Sales	4	8
Software development	87	60
	231	155

The aggregate payroll costs of these persons were as follows:

	<i>Full year to</i>	<i>9 months to</i>
	<i>31 December</i>	<i>31</i>
	<i>2022</i>	<i>December</i>
	£	£
Wages and salaries	5,903,088	3,718,104
Social security costs	931,875	441,952
Other pension costs	566,422	205,427
	7,401,385	4,365,483

Other pension costs relate to the contribution to the Group's defined contribution scheme.

Notes (continued)

4. Staff numbers and costs (continued)

The aggregate payroll costs of key management were as follows:

	Full year to 31 December 2022	9 months to 31 December 2021
	£	£
Wages and salaries	954,187	864,916
Other long-term benefits	6,735	4,240,668
Compensation for loss of office	-	350,000
Social security costs	126,153	104,500
Other pension costs	54,525	32,854
Share based payments	-	943,899
	1,141,600	6,536,837

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any Directors of the entity.

5. Directors' emoluments

	Group Full year to 31 December 2022	Group 9 months to 31 December 2021	Company Full year to 31 December 2022	Company 9 months to 31 December 2021
	£	£	£	£
Directors' emoluments	842,030	553,810	-	-
Other long-term benefits	-	3,564,936	-	-
Compensation for loss of office	-	386,000	-	-
Group contributions to money purchase pension schemes	-	9,000	-	-
Amount paid to third parties in respect of Directors' services	14,240	12,000	-	-
Amount paid to third parties in respect of compensation for loss of office	-	18,000	-	-
Share based payment expense	-	943,899	-	943,899
	856,270	5,487,645	-	943,899
Highest paid Director (including amounts payable to third parties)	856,270	1,754,970	856,280	1,754,970
Number of Directors in a retirement benefit scheme	1	1	1	1

Notes (continued)

6. Non-operating expenses

(a) Finance Income

	Group Full year to 31 December 2022	Group 9 months to 31 December 2021	Company Full year to 31 December 2022	Company 9 months to 31 December 2021
	£	£	£	£
Interest received	139,003	–	–	–

(b) Finance Costs

	Group Full year to 31 December 2022	Group 9 months to 31 December 2021	Company Full year to 31 December 2022	Company 9 months to 31 December 2021
	£	£	£	£
Interest on loans	188,348	358,277	181,987	193,577
Finance charge on lease liabilities	169,289	187,265	–	–
	357,637	545,542	181,987	193,577

(c) Other Income/(expense)

	Group Full year to 31 December 2022	Group 9 months to 31 December 2021	Company Full year to 31 December 2022	Company 9 months to 31 December 2021
	£	£	£	£
Fair value adjustment for option derivative	953,808	(1,890,760)	–	–
	953,808	(1,890,760)	–	–

Notes (continued)

7. Income taxes

(a) Recognised in the statement of profit and loss

	Group	Group	Company	Company
	Full year to	9 months to	Full year to	9 months to
	31 December	31	31	31
	2022	December	December	December
	2022	2021	2022	2021
	£	£	£	£
Current income tax:				
Foreign income taxes	(1,543,098)	(1,434,342)	-	-
Adjustment in respect of prior years	(780)	931	-	-
Total Current Income Tax	(1,543,878)	(1,433,411)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,127)	(52,057)	-	-
Relating to Option liability	(238,452)	472,691	-	-
	(242,579)	420,634	-	-
Total tax expense	(1,786,457)	(1,012,777)	-	-

(b) Income tax recognised in other comprehensive income

	Group	Group	Company	Company
	Full year to	9 months to	Full year to	9 months to
	31 December	31	31	31
	2022	December	December	December
	2022	2021	2022	2021
	£	£	£	£
Deferred tax:				
Change in fair value of deferred tax on Visa Inc. preferred shares	238,452	(22,289)	-	-
	238,452	(22,289)	-	-

Notes (continued)

7. Income taxes (continued)

(b) Income tax recognised in other comprehensive income (continued)

A reconciliation of the tax expense on the profit/(loss) before tax at the standard UK corporation tax rate to the actual expense is as follows:

	Group Full year to 31 December 2022 £	Group 9 months to 31 December 2021 £	Company Full year to 31 December 2022 £	Company 9 months to 31 December 2021 £
Profit/(Loss) before tax	11,867,384	540,280	172,326	(3,502,893)
Tax calculated at standard rate of corporation tax in the UK of 19% (2021: 19%)	2,254,803	102,653	32,742	(665,550)
Adjustments in respect of prior years	780	(931)	-	-
Movement in unrecognised deferred tax	(327,510)	1,599,520	-	2,558,209
Income not taxable	(184,068)	(60,440)	(1,308,900)	-
Share Options	-	(2,080,517)	-	(2,565,516)
Gain on disposal of assets held for sale via OCI	274,514	572,435	-	-
Expenses not deductible for tax purposes	59,891	1,268,713	1,336,010	821,414
Unrecognised losses carried forward	-	-	-	-
(Lower)/higher rate on overseas profit	(349,182)	(388,656)	-	-
Group relief surrendered/(receivable)	-	-	(59,852)	(148,557)
Impact of Tax rate changes	57,229	-	-	-
Total income Tax expenses	1,786,457	1,012,777	-	-

Changes in tax rates and factors affecting the future tax charge

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was enacted during 2021. This will increase the Company's future tax charge accordingly.

8. Internally developed intangible assets

Group

	31 December 2022 £	31 December 2021 £
Cost		
As at 1 January	546,731	474,101
Additions	18,516	72,630
As at 31 December	565,247	546,731
Amortisation		
As at 1 January	182,222	118,644
Amortisation expense	105,144	63,578
As at 31 December	287,366	182,222
Net book value	277,881	364,509

Intangible assets include capitalised development costs incurred during the year.

In the year ended 31 December 2022 the Group capitalised the cost of such development activities. Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. The development expenditure is amortised on a straight-line method over a period of 5 years from the point at which the products are ready for sale or use.

Notes (continued)

9. Other intangible assets

Group

	31 December 2022	31 December 2021
	£	£
Cost		
As at 1 January	1,013,781	968,675
Additions	81,022	44,676
Reclassification to Other equipment	(154,440)	–
Foreign exchange adjustments	(662)	430
As at 31 December	939,701	1,013,781
Amortisation		
As at 1 January	648,293	613,463
Amortisation expense	39,672	34,331
Reclassification to Other equipment	(78,779)	–
Foreign exchange adjustments	(387)	499
As at 31 December	608,799	648,293
Net book value	330,902	365,488

Other intangible assets include various software licences used within the Group for the day-to-day running of the business; most notably the CRM system. The CRM system is the core engine to the Visa card products that are offered to the clients and as such has an extended life comparable to that of a traditional banking system and hence the Directors view that the CRM system has an expected useful life of 10 years.

10. Property, plant and equipment

Group

	Fixtures, fittings and equipment	Computer equipment	Total
	£	£	£
Cost			
As at 1 January 2022	126,615	696,552	823,167
Additions	18,733	289,386	308,119
Reclassification	–	154,440	154,440
Disposals	–	(12,434)	(12,434)
Foreign exchange adjustments	156	316	472
As at 31 December 2022	145,504	1,128,260	1,273,764
Depreciation			
As at 1 January 2022	125,093	538,682	663,775
Charge for the year	4,040	143,005	147,045
Reclassification	–	78,779	78,779
Foreign exchange adjustments	94	(51)	43
As at 31 December 2022	129,227	760,415	889,642
Net Book Value			
As at 1 January 2022	1,522	157,870	159,392
As at 31 December 2022	16,277	367,845	384,122

Notes (continued)

10. Property, plant and equipment (continued)

Group

	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost			
As at 1 April 2021	126,578	635,633	762,211
Additions	–	60,872	60,872
Foreign exchange adjustments	37	47	84
As at 31 December 2021	126,615	696,552	823,167
Depreciation			
As at 1 April 2021	120,035	476,242	596,277
Charge for the year	5,048	62,431	67,479
Foreign exchange adjustments	10	9	19
As at 31 December 2021	125,093	538,682	663,775
Net Book Value			
As at 1 April 2021	6,543	159,391	165,934
As at 31 December 2021	1,522	157,870	159,392

11. Fixed asset investments

Company

	31 December 2022 £	31 December 2021 £
Cost		
Opening balance	3,130,272	3,034,693
Investment in subsidiary undertakings	–	95,579
Closing balance	3,130,272	3,130,272
Impairment		
Opening balance	1,835,999	1,835,999
Movement during the year	–	–
Closing balance	1,835,999	1,835,999
Net book value	1,294,273	1,294,273

Notes (continued)

11. Fixed asset investments (continued)

The fixed asset investments relate to shares in group undertakings. Note 22 provides a breakdown of the Group structure and acquisitions details. In the opinion of the Directors the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the Balance sheet.

The aggregate of the share capital and reserves as at 31 December 2022 and of the profit/(loss) for the year ended on that date were as follows:

	Aggregate of share capital and reserves	Profit/(loss) 31 December 2022
	£	£
Uab "Finansinės Paslaugos "Contis"	10,746,133	2,841,734
Contis Financial Services Limited	32,538,016	3,126,732
Contis Technologies Limited	(42,226,003)	(1,771,225)
Contis Card Solutions Services Limited	(2,491,757)	–
Contis Technologies (India) Pvt. Limited	399,219	172,182
The Gift & Loyalty Company Limited	(3,393,537)	–
Contis Collection Limited	–	–
Solaris Financial (Singapore) PTE. Ltd	(129,729)	(129,557)

12. Financial assets

	Group 31 December 2022	Group 31 December 2021	Company 31 December 2022	Company 31 December 2021
	£	£	£	£
Financial assets – Series B Visa Inc. preferred shares	936,952	1,890,760	–	–
	936,952	1,890,760	–	–

Disposal of Visa Europe shares

On 21 June 2016, the Company disposed of its interest in Visa Europe to Visa Inc. and received a mixture of cash and non-cash consideration valued at £4.9m. The consideration received was made up of £2.9m up-front cash, £1.7m of Series B preferred shares in Visa Inc. and £0.3m deferred cash which was subsequently received in June 2019. The Series B preferred shares received may be reduced by any final settlement of potential liabilities relating to ongoing interchange-related litigation involving Visa Europe. On disposal of the Visa Europe share, the Company, along with the other former members of Visa Europe, entered into a Litigation Management Deed (LMD). Under this arrangement, potential losses from Visa Europe interchange litigation will be set against the preferred shares, through adjusting the ratio of conversion to ordinary shares.

On the fourth anniversary of the disposal, the first release assessment has taken place to re-assess the likely value of the potential losses. On 21 June 2020, Visa Inc. determined in consultation under the LMD to convert an element of Series B Visa Inc. preference shares to Series A Visa Inc. preference shares. The Series A Visa Inc. preference shares can be converted to Visa Inc. Class A Common Stock and traded.

The Company converted some of its Series B Visa preferred shares into Visa Inc. Class A Common Stock and disposed of the shares during the year, the consideration received after costs was £1.4m.

Notes (continued)

12. Financial assets (continued)

Fair value hierarchy:

When measuring the fair value of the Visa Inc. Series A and Series B preferred shares, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Series A and Series B Visa Inc. preferred investment is classified as Level 3 due to the lack of identical transactions with regularly available market prices.

There is potential litigation which could affect the Series B preferred share consideration. The Company has applied a 35% discount on the preferred shares due to this uncertainty. A 5% increase in this discount to 40% would lead to a £66,907 reduction in the value of the asset.

It is reasonably possible that, if the Visa Europe litigation progresses over the next financial year and more information becomes available about the likely value of the potential losses, changes in assumptions determining the fair value could require a material adjustment to the carrying value of the Series B Visa Inc. preferred shares. The uncertainties inherent in the determination of the fair value of the Series B Visa Inc. preferred shares will not be resolved until the obligations under the LMD are extinguished which is dependent upon final resolution of all related claims.

Based on the above, the following has been recognised in the Group's financial statements:

Balance sheet	31 December 2022	31 December 2021
	£	£
Non-current assets		
Financial assets – Visa Inc. preferred shares	936,952	1,890,760
Total assets	936,952	1,890,760
Non-current liabilities		
Deferred tax liability	(238,452)	(472,691)
Total liabilities	(238,452)	(472,691)
Net assets	698,500	1,418,069

Notes (continued)

12. Financial assets (continued)

	Full year to 31 December 2022	9 months to 31 December 2021
	£	£
Statement of profit and loss and other comprehensive income		
Gain on disposal of financial assets – Visa Europe	–	–
Foreign exchange gains	–	–
Fair value gain on deferred consideration	–	–
Profit before tax	–	–
Tax	–	–
Profit for the period	–	–
Other comprehensive income		
Fair value adjustment on Visa Inc. preferred shares	(23,955)	1,028,395
Transfer to retained earnings/(losses) from sales of Series A Visa Inc. preferred shares	(929,853)	(1,850,531)
Deferred tax on Visa	238,452	(22,289)
Total comprehensive income for the period	(715,356)	(844,425)

	Financial assets – Visa Inc. preferred shares	Deferred consideration – Visa Europe	£
	£	£	£
Balance at 1 April 2021	4,234,867	–	4,234,867
Sale of Series A Visa Inc. Preferred shares	(2,433,466)	–	(2,433,466)
Fair value adjustment recognised in other comprehensive income	89,359	–	89,359
Balance at 31 December 2021	1,890,760	–	1,890,760
Sale of Series A Visa Inc. Preferred shares	(929,853)	–	(929,853)
Fair value adjustment recognised in other comprehensive income	(23,955)	–	(23,955)
Balance at 31 December 2022	936,952	–	936,952

13. Trade and other receivables

	Group 31 December 2022	Group 31 December 2021	Company 31 December 2022	Company 31 December 2021
	£	£	£	£
Trade receivables	3,802,778	2,662,452	566	536
Less: Provision for impairment of receivables	(946,966)	(222,866)	–	–
Trade receivables – net	2,855,812	2,439,586	566	536
Intragroup receivables	–	–	–	87,713
VAT receivable	427,698	2,351	494,176	–
Other receivables	588,558	651,917	–	–
Prepayments and accrued income	3,404,630	1,229,674	–	–
	7,276,698	4,323,528	494,742	88,249

The carrying values of trade and other receivables classified at amortised cost approximates fair values. The expected loss rates are based on the company's historical credit losses experienced over the 3 years period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on factors affecting our customers.

Notes (continued)

14. Other financial assets

	Group	Group	Company	Company
	31 December	31 December	31 December	31
	2022	2021	2022	December
	£	£	£	2021
Visa Collateral	–	3,050,000	–	–
	–	3,050,000	–	–

Visa Collateral is a Group cash balance held in trust by Visa Europe Limited.

15. Trade and other payables: amounts falling due within one year

	Group	Group	Company	Company
	31 December	31 December	31 December	31
	2022	2021	2022	December
	£	£	£	2021
Trade payables	4,022,313	4,150,118	10,809	2,522,992
Payables in respect of cards	176,191,752	168,983,283	–	–
Social security tax	1,138,310	3,716,231	–	–
Accruals	4,495,568	7,259,144	316,011	1,786,771
Deferred income	1,213,102	2,404,915	–	–
Corporation Tax	810,398	257,628	–	–
Other creditors	2,616,629	7,632	2,613,860	–
	190,488,072	186,778,951	2,940,680	4,309,763

The carrying values of trade payables classified at amortised cost approximates fair values.

16. Other payables

	Group	Group	Company	Company
	31 December	31 December	31 December	31
	2022	2021	2022	December
	£	£	£	2021
Intragroup payables:				
Current	–	–	250,000	250,000
Non-current	–	–	–	–
	–	–	250,000	250,000

The intragroup payables relate to cash movements between subsidiary companies and intragroup recharges for processing, services and management based on a transfer pricing model. The amount due non-interest bearing and is repayable on demand.

Notes (continued)

17. Interest-bearing loans and borrowings

	Group	Group	Company	Company
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	£	£	£	£
Current				
Corporate Loans	5,510,306	2,745,000	5,510,306	–
	5,510,306	2,745,000	5,510,306	–

Corporate loans

Current year balance includes borrowings from the ultimate parent, Solaris SE, entered during the year. The loan is for €6m, over a 3 year term and carries interest at a rate of 8%.

Prior year balance includes borrowings from Lendnet LLP. The loan was sterling denominated and carried interest at a rate of 8%. The loan was settled in Jan 2022.

18. Other non-current financial liability

	Group	Group
	31 December	31 December
	2022	2021
	£	£
Fair value of options granted	936,952	1,890,760

During the year to December 2022 an agreement was made to sell the economic benefits of Series B Convertible Preferred Shares in Visa, Inc. to third parties. Due to the nature of the underlying instrument, which is designed to ensure that holders of the shares remain liable for certain liabilities to Visa (see Note 11, Financial Assets), the Company retains legal ownership of the shares, but has granted a derivative option relinquishing the economic benefits of this asset.

19. Deferred tax

Group

The movement on the deferred tax account are shown below

	31 December	31 December
	2022	2021
	£	£
As at the start of the period	(53,914)	(914,215)
Statement of profit and loss (charge)/credit	(238,452)	420,634
Statement of comprehensive income credit	236,969	439,667
Other deferred tax movement	(377)	–
At the end of the period	(55,774)	(53,914)

At the reporting date, the Group has unused tax losses of £18.7m (31 Dec 2021: £24.3m) available for offset against future profits and Contis Group Company has £nil (31 Dec 2021: £13.4m). No deferred tax asset has been recognised as it is uncertain that there will be future taxable profits available.

Notes (continued)

20. Seasonality

Whilst the Group's operations, when taken as a whole, are moderately sensitive to the seasonal nature of consumer spending, it is considered that there are no material variations in performance arising due to seasonality.

21. Capital and Reserves

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Share Capital				
Allocated, called up and fully paid				
Ordinary shares of £1 each	100	16,100,009	100	16,100,009
Share Premium	–	16,300,136	–	16,300,071

All ordinary shares rank equally with regard to the Group's residual assets. Holders of these shares are entitled to dividends if declared and are entitled to one vote per share at the Group's general meetings. During the year, £32.6m of share premium and share capital was transferred to distributable reserves, leaving 100 ordinary shares of £1 each.

The following describes the nature and purpose of each reserve within equity:

Share premium	Amount subscribed to share capital in excess of nominal capital.
Share based payment reserve	Reserve attributable to all equity settled share options granted.
Equity investment reserve	Gains/(losses) arising on financial assets classified as fair value through other comprehensive income.
Retained earnings/(losses)	All other net gains and losses and transactions with owners (e.g., dividends) not recognised elsewhere.

22. Group structure and acquisition details

As at 31 December 2022, the Group's equity interest was as follows:

Group	Ownership	Share Class	Country of incorporation	Registered Address
Contis Financial Services Limited	100%	Ordinary	United Kingdom	Navigation House, Belmont Wharf, Skipton, N. Yorkshire. BD23 1RL
Contis Technologies Limited	100%	Ordinary	United Kingdom	Navigation House, Belmont Wharf, Skipton, N. Yorkshire. BD23 1RL
Contis Technologies (India) Pvt. Limited	98%	Ordinary	India	House H, 1 st and 2 nd Floor, Safal Mondeal Retail Park, S G Highway, Rajpath Club, Ahmedabad, Gujarat. 380054
Contis Cara Solutions Limited	100%	Ordinary	United Kingdom	Navigation House, Belmont Wharf, Skipton, N. Yorkshire. BD23 1RL
Uab "Finansinės Paslaugos "Contis"	100%	Ordinary	Lithuania	Menulio str. 11-101, LT-04326, Vilnius
Solaris Financial (Singapore) PTE. Ltd	100%	Ordinary	Singapore	168 Robinson Road #12-01 Capital Tower Singapore 068912

Notes (continued)

22. Group structure and acquisition details (continued)

The dormant entities detailed below have all taken the following Companies Act exemptions:

- the exemption from preparing individual financial statements (s394A);
- the exemption from filing individual accounts (s448A); and
- the exemption from audit (s479A).

CredEcard Group Limited	100%	Ordinary	United Kingdom	Navigation House, Belmont Wharf, Skipton, N. Yorkshire BD23 1RL
Paze Finance Limited	100%	Ordinary	United Kingdom	Navigation House, Belmont Wharf, Skipton, N. Yorkshire BD23 1RL
GTP Solutions Limited	100%	Ordinary	United Kingdom	Navigation House, Belmont Wharf, Skipton, N. Yorkshire BD23 1RL
Erigage Financial Limited	100%	Ordinary	United Kingdom	Navigation House, Belmont Wharf, Skipton, N. Yorkshire BD23 1RL
Contis Collections Limited	100%	Ordinary	United Kingdom	Navigation House, Belmont Wharf, Skipton, N. Yorkshire, BD23 1RL
The Gift & Loyalty Group Limited	100%	Ordinary	United Kingdom	Navigation House, Belmont Wharf, Skipton, N. Yorkshire BD23 1RL

23. Share based payments

Contis Group Limited operated a share option scheme for certain of its employees and directors. Options were issued under an EMI, Unapproved scheme or Unapproved LTIP.

The options granted under the EMI or Unapproved scheme vested in equal instalments of 1/3 over a three year period and were exercisable upon a disposal of the Group. The options were granted for a period of 10 years and were equity settled.

Options granted under the Unapproved LTIP lapsed in 2021, having not met the non-market performance conditions linked to group revenue performance. A new, Unapproved LTIP was implemented in 2021 with vesting subject to a sale or listing of the Group within 12 months of the grant. The options were granted for a period of 1 year and were equity settled in 2022 following the sale of the group to Solaris SE.

In 2021, under IFRS 2 Share based payments, an expense was recognised in the profit and loss account for all equity settled share options granted. The IFRS 2 charge during the year was £nil (31 Dec 2021: £1,788,440).

The number and weighted average exercise price of share options is as follows:

	Year ended 31 December 2022		Year ended 31 December 2021	
	Number of options	WAEP	Number of options	WAEP
Outstanding at the beginning of the year	-	-	2,927,462	£2.28
Granted during the year	-	-	1,268,397	£3.65
Forfeited during the year	-	-	(1,127,464)	£3.65
Exercised during the year	-	-	(3,068,395)	£2.34
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

Notes (continued)

23. Share based payments (continued)

In relation to the schemes, the fair value of options and significant assumptions used in the calculation of the 2021 IFRS 2 charge were as follows:

Scheme	EMI	Unapproved	Unapproved LTIP
Share price at date of grant (£)	£1.00 and £2.50	£1.00 and £2.50	£4.85
Exercise price (£)	£1.00 and £2.50	£1.00 and £2.50	£3.65
Number of participating employees/shareholders	2	4	6
Shares under option	249,999	1,549,999	1,268,397
Vesting period (years)	3	3	1
Expected volatility	50.0%	50.0%	38.4%
Option life (years)	10	10	1
Expected life / Vesting period (months)	60	60	1
Risk free rate	0.5%	0.5%	0.04%
Expected dividend yield	0.0%	0.0%	0.0%
Fair value per option	£0.18 to £0.431	£0.18 to £0.431	£1.41
Valuation model	Black Scholes	Black Scholes	Binomial

The expected volatility reflected the fact that the Group does not have a three year track record at any of the option grant dates. The expected life was the average expected period to exercise. The risk free rate of return was the yield on zero coupon UK government bonds over a term consistent with the assumed option life. Certain awards would only vest in full if specific performance criteria were met. Performance criteria that are market based conditions were taken into account in determining the fair value of the option through the use of the Black Scholes valuation model. For non-market based performance criteria, the Directors made their best estimate of the number of options that would ultimately vest.

24. Leasing

The balance sheet includes the following amounts relating to leased assets where the Group is lessee:

Right of use Assets

	Buildings £	Computer Hardware and data storage £	Total £
Cost			
As at 1 January 2022	998,695	3,546,218	4,544,913
As at 31 December 2022	998,695	3,546,218	4,544,913
Depreciation			
As at 1 January 2022	726,508	1,489,640	2,216,148
Charge for the year	96,503	548,320	644,823
As at 31 December 2022	823,011	2,037,960	2,860,971
Net Book Value			
As at 1 January 2022	272,187	2,056,578	2,328,765
As at 31 December 2022	175,684	1,508,258	1,683,942

Notes (continued)
24. Leasing (continued)

	Buildings £	Computer Hardware and data storage £	Total £
Cost			
As at 1 April 2021	998,695	3,546,218	4,544,913
As at 31 December 2021	998,695	3,546,218	4,544,913
Depreciation			
As at 1 April 2021	653,171	1,076,522	1,729,693
Charge for the year	73,337	413,118	486,455
As at 31 December 2021	726,508	1,489,640	2,216,148
Net Book Value			
As at 1 April 2021	345,524	2,469,696	2,815,220
As at 31 December 2021	272,187	2,056,578	2,328,765

Lease Liability

	Buildings £	Computer Hardware and data storage £	Total £
As at 1 January 2022	287,916	2,256,967	2,544,883
Amounts charged for interest implicit on lease	18,280	151,009	169,289
Lease payments	(115,742)	(690,746)	(806,488)
As at 31 December 2022	190,454	1,717,230	1,907,684
	Buildings £	Computer Hardware and data storage £	Total £
As at 1 April 2021	356,802	2,634,687	2,991,489
Amounts charged for interest implicit on lease	18,608	140,340	158,948
Lease payments	(87,494)	(518,060)	(605,554)
As at 31 December 2021	287,916	2,256,967	2,544,883

25. Capital and other financial commitments

There were no material capital commitments during year 2022 (2021: £nil).

Notes (continued)

26. Related party transactions

	Group 31 December 2022 £	Group 31 December 2021 £	Company 31 December 2022 £	Company 31 December 2021 £
Solaris SE	8,124,166	2,471,691	8,124,166	–
Outstanding balance	8,124,166	2,471,691	8,124,166	–

Transactions with related parties were made at arm's length and on normal commercial trading terms.

The amounts outstanding, are unsecured and are settled in cash with a 30-day credit period.

Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with key management personnel

During the period, Contis Financial Services Limited cancelled any options with Maverick Deck Ltd. New options were granted to Lee Johnstone and proceeds from the sale of Visa shares were transferred to Lee Johnstone £505,684.21.

27. Financial Instruments

The company is exposed through its operations to the following risks:

a) Capital management policy

The primary objective of the Group's capital management is to ensure that it has the capital required to operate and grow the business at a reasonable cost of capital without incurring undue financial risks. The Board periodically reviews its capital structure in order to ensure it meets changing business needs. The Group defines its capital as its share capital, share premium account, and (accumulated losses)/retained earnings. In addition, the Directors consider the management of debt to be an important element in controlling the capital structure of the Group. The Group may carry significant levels of long term debt to fund operations and working capital requirements. There have been changes to the capital requirements each year as the Group has required regular suitable levels of capital injections to fund development. As mentioned above the Board periodically monitors the capital structure of the Group.

The Group is an FCA approved e money institution and is required to maintain a capital requirement which is the higher of €350,000 or 2% of the average daily outstanding electronic-money at the end of each day over the preceding 6 months. The Board monitors this on an ongoing basis to ensure regulatory capital does not fall below the minimum required.

b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Group is exposed to credit risk from its financing activities primarily in relation to its cash and cash equivalents deposits and trade receivables.

Credit risk from balances with banks and financial institutions is managed by depositing with reputable financial institutions, from which management believes loss to be remote. The Group's maximum exposure to credit risk other than intragroup balances, for the components of the statement of financial position is the carrying amounts of trade and other receivables. Cash held in Banks in respect of customers, financial assets and cash at bank and in hand.

Credit evaluations are performed for all customers. Management has a policy in place and the exposure to credit risk is monitored on an on-going basis. At the year end there were no significant concentrations of risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Notes (continued)

27. Financial Instruments (continued)

Group

	On demand	Less than one year	Between one and five years	More than five years	Total
	£	£	£	£	£
Credit risk – 31 December 2022					
Trade and other receivables	–	7,276,698	–	–	7,276,698
Cash held in Banks in respect of customers	180,370,374	–	–	–	180,370,374
Financial assets	–	–	936,952	–	936,952
Cash and cash equivalents	18,054,425	–	–	–	18,054,425
	198,424,799	7,276,698	936,952	–	206,638,449

	On demand	Less than one year	Between one and five years	More than five years	Total
	£	£	£	£	£
Credit risk – 31 December 2021					
Trade and other receivables	–	4,323,528	–	–	4,323,528
Cash held in Banks in respect of customers	171,987,088	–	–	–	171,987,088
Financial assets	–	–	1,890,760	–	1,890,760
Other financial assets	–	3,050,000	–	–	3,050,000
Cash and cash equivalents	23,987,880	–	–	–	23,987,880
	195,974,968	7,373,528	1,890,760	–	205,239,256

b) Credit risk

Company

	On demand	Less than one year	Between one and five years	More than five years	Total
	£	£	£	£	£
Credit risk – 31 December 2022					
Trade and other receivables	–	494,742	–	–	494,742
Cash and cash equivalents	172,026	–	–	–	172,026
	172,026	494,742	–	–	666,768

	On demand	Less than one year	Between one and five years	More than five years	Total
	£	£	£	£	£
Credit risk – 31 December 2021					
Trade and other receivables	87,713	536	–	–	88,249
Cash and cash equivalents	9,871,587	–	–	–	9,871,587
	9,959,300	536	–	–	9,959,836

Notes (continued)

27. Financial Instruments (continued)

c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other prices risk, such as equity price risk.

The Group's exposure is primarily to the financial risks of changes in interest rates in relation to the corporate loans.

Foreign currency risk

The following tables consider the impact of several changes to the spot £/other foreign currencies exchange rates of +/- 10%. If these changes were to occur the tables below reflect the impact on profit/(loss) before tax. The values are based on the VISA processing costs, server hosting costs and India office running costs to reflect the sensitivity of the Euro, US Dollar and Indian Rupee, respectively.

Change in GBP vs. Foreign exchange	Effect on profit/(loss) before tax	
	31 December 2022	31 December 2021
	£	£
EUR	268,240	111,372
USD	79,278	77,627
INR	186,722	104,403

Interest rate risk

Due to the levels of interest bearing loans and borrowings, the Group has an exposure to interest rates.

A 1 percent movement in interest rates during the year and the interest rates beyond 2022 applied to the Group's corporate loans (see note 17) would have an impact on the Group's profit/(loss) before taxation as below:

	Effect on profit/(loss) before tax			
	Group 31 December 2022	Group 31 December 2021	Company 31 December 2022	Company 31 December 2021
	£	£	£	£
1% change in interest rate				
Impact on profit/(loss) before tax	(51,056)	(7,647)	(51,056)	-

d) Liquidity risk

Cash flow is regularly monitored and the relevant subsidiaries are aware of their working capital commitments. The Group reviews its long-term funding requirements in parallel with its long-term strategy, with an objective of aligning both in a timely manner.

The table below summarises the maturity profile of the Group's contractual undiscounted financial liabilities at 31 December 2022 and 31 December 2021.

Notes (continued)

27. Financial Instruments (continued)

Group

	On demand	Less than one year	Between one and five years	More than five years	Total
	£	£	£	£	£
Liquidity risk – 31 December 2022					
Interest bearing loans and borrowings	–	–	5,510,306	–	5,510,306
Lease liabilities	–	775,596	1,132,088	–	1,907,684
Trade and other payables	176,191,752	14,296,320	–	–	190,488,072
Other non-current financial liabilities	–	–	936,952	–	936,952
	176,191,752	15,071,916	7,579,346	–	198,843,014
	On demand	Less than one year	Between one and five years Restated	More than five years	Total
	£	£	£	£	£
Liquidity risk – 31 December 2021					
Interest bearing loans and borrowings	–	2,745,000	–	–	2,745,000
Lease liabilities	–	637,200	1,907,683	–	2,544,883
Trade and other payables	168,983,283	17,795,668	–	–	186,778,951
Other non-current financial liabilities	–	–	1,890,760	–	1,890,760
	168,983,283	21,177,868	3,798,443	–	193,959,594

Company

	On demand	Less than one year	Between one and five years	More than five years	Total
	£	£	£	£	£
Liquidity risk – 31 December 2022					
Interest bearing loans and borrowings	–	–	5,510,306	–	5,510,306
Trade and other payables	250,000	2,690,680	–	–	2,940,680
	250,000	2,690,680	5,510,306	–	8,450,986
	On demand	Less than one year	Between one and five years	More than five years	Total
	£	£	£	£	£
Liquidity risk – 31 December 2021					
Trade and other payables	250,000	4,309,763	–	–	4,559,763
	250,000	4,309,763	–	–	4,559,763

Notes (continued)

27. Financial Instruments (continued)

d) Liquidity risk (continued)

Financial instruments by Category

Group

Financial assets	Amortisation Cost December 2022 £	Amortisation Cost December 2021 £	Fair Value through Other comprehensive income December 2022 £	Fair Value through Other comprehensive income December 2021 £
Trade and other receivables	7,276,698	4,323,528	-	-
Cash held in Banks in respect of customers	180,370,374	171,987,088	-	-
Financial assets	-	-	936,952	1,890,760
Other financial assets	-	3,050,000	-	-
Cash and cash equivalents	18,054,425	23,987,880	-	-
	205,701,497	203,348,496	936,952	1,890,760

Financial Liabilities	Amortisation Cost 31 December 2022 £	Amortisation Cost 31 December 2021 £	Fair value through profit or loss 31 December 2022 £	Fair value through profit or loss 31 December 2021 £
Interest bearing loans and borrowings	5,510,306	2,745,000	-	-
Lease liabilities	1,907,684	2,544,883	-	-
Trade and other payables	190,488,072	186,778,951	-	-
Other non-current financial liabilities	-	-	936,952	1,890,760
	197,906,062	192,068,834	936,952	1,890,760

Company

Financial assets	Amortisation Cost 31 December 2022 £	Amortisation Cost 31 December 2021 £
Trade and other receivables	494,742	88,249
Cash and cash equivalents	172,026	9,871,587
	666,768	9,959,836

Notes (continued)

27. Financial Instruments (continued)

d) Liquidity risk (continued)

Financial instruments by Category (continued)

Financial Liabilities	Amortisation Cost	Amortisation Cost
	31 December 2022	31 December 2021
	£	£
Interest bearing loans and borrowings	5,510,306	-
Trade and other payables	2,940,680	4,559,763
	8,450,986	4,559,763

The carrying values of the Company's financial instruments are reasonable approximations of fair value.

28. Ultimate Parent Company

Contis Group Limited is the parent company and the results of all subsidiaries within the group are consolidated into these financial statements.

The Ultimate parent company is Solaris SE and this is the largest group in which the results of the Company are consolidated. The consolidated financial statements are available from Cuvrystraße 53, 10997 Berlin, Germany

29. Post balance sheet events

Following the incorporation of Solaris Financial (Singapore) PTE Ltd in May 2021, the board have made a decision to cease trading from April 2023.

In July 2023 the Company became aware that a major service provider of the Group wished to review its continuing cooperation with Company in respect of one of its partners. Following discussions with the service partner, it has been mutually agreed to resolve those concerns by 30 November 2023 and ensure the ongoing cooperation with the partner.