Sports Loyalty Card Limited

Annual Report and Financial Statements

For the year ended 30 April 2022

Company Information

Directors
N A Hynes
G A Dein
G L S Boissel
F Redon
D M Wagner
P T West

Secretary
T de Sousa-Grimaldi

Auditors
Deloitte LLP
Statutory Auditor
Reading
United Kingdom

Bankers
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

HSBC
133 Regent Street
London
W1B 4HX

National Westminster Bank PLC
65 Piccadilly
London
W1A 2PP

Clydesdale Bank PLC
154-158 Kensington High Street
London
W8 7RL

Solicitors
Memery Crystal,
165 Fleet Street,
London
EC4A 2DY

Registered Office
71 Queen Victoria Street
London
EC4V 4BE

Company Number
04158111

Contents

Strategic Report
For the year ended 30 April 2022

The directors present their Strategic Report for the Company, for the year ended 30 April 2022.

REVIEW OF THE BUSINESS

Sports Loyalty Card Ltd ('the Company') is a wholly owned subsidiary of Reward Loyalty UK Ltd ("RLUK"). References to the Group include RLUK and its subsidiaries.

We are pleased to record exceptional growth for the year representing more than a complete recovery from the impact of the Coronavirus (Covid-19) pandemic on the Company's retail sector revenues in the preceding twelve months. The Company's turnover grew by 119% and gross profit by 65% compared to the previous year. This has restored a cumulative average growth rate of approximately 18% in turnover over two years against pre-pandemic comparatives. This growth reflects an increasingly diverse group of retailers choosing to participate in Reward's best-in-class consumer engagement programmes, compensating for a few large retail customers that have both struggled to regain their former market positions and lagged in returning to campaign levels for offers.

From a financial institution perspective, the Company has launched two new full-service programmes during the year and is supporting the Group to meet demand for new programmes on an international basis over 2022-23 and beyond. Meanwhile, the continuing benefits that Reward programmes bring to financial institutions in a rapidly changing economic environment is gaining wider industry recognition following the pandemic.

The outstanding growth momentum over the second half of the financial year, which sustained and went beyond recovery from the pandemic, may also be attributed to the efforts of the Company's staff, whose teamwork and creativity (with the support of the board) were invested through better functions and capabilities to support more banks and retailers – a continuing transformation of technology and process applied in conformance to the business model.

Subsequent to the year-end, energy price driven inflation has been taken to levels not seen since the 1970s by Russia's invasion of Ukraine and the international sanctions against Russia that followed. Inevitably, this has produced an economic outlook of hardship for millions of households and in consequence, poses new challenges for many retailers. Political instability in the UK has not helped business confidence and has resulted in some retailers pulling back on the size of campaigns. However, not all businesses will be approaching this period of uncertainty from a defensive point of view, and as spending choices for consumers have rarely been more important, those with a bolder and more confident outlook may take advantage of the reticence of others to capture market share. The Group has set a new strategic goal to drive £2billion of value to participating consumers by 2025, putting the plan to achieve that at the heart of the business over the next 3 years.

The three closely interconnected business units that power Reward's mission to design, build and power the world's best customer engagement programmes have each continued to acquire momentum during the year:

- During the year, new full-service programmes were launched with Virgin Money and Barclaycard. The latter programme was created in partnership with VISA, who have signalled the importance of capabilities beyond retail offer content for their future programmes. These launches were accompanied by significant re-engineering of the modular capabilities of our enterprise customer engagement platform, which will enable us to lower the entry cost for financial institutions to benefit from the Company's services. The Company's customers range from traditional retail banks to challenger banks, card schemes and other organisations, each with large numbers of consumers as members or customers.

Strategic Report (continued)
For the year ended 30 April 2022

REVIEW OF THE BUSINESS (continued)

- The Company manages the Group's platform for retailer offers that has increasingly gained an international flavour. At its core it includes an inventory of earn offers from Amazon to Morrisons that are used to support UK Reward programmes. Over 78% of the offers over the year were deployed to consumers via programmes managed internally by Reward, including the new full-service programmes that were launched as indicated above. The balance of offers were distributed to third-party programmes, for instance those operated by global publishers such as American Express and Mastercard. Given the requirements of and approach taken by VISA as well as our own initiatives, we expect the weighting towards internally operated programmes (which also affords better personalisation opportunities) to increase further as a proportion in the future.

- The Reward Insights (RI) division provides analytical services to corporates and charities. The business unit revenues support internal investment in the Reward platform as well as helping to keep Reward at the leading edge in terms of understanding retail market trends and shifting patterns of consumer behaviour. Using the anonymised derived data from within Reward's proprietary 'data-lake', the Company is able to decipher the competitive pressures in retail and orbiting sectors and emerging consumer trends enabling the Company to deliver more retail offers to the benefit of its programmes, which remains the bedrock of Reward's business model. RI assumed greater financial significance to the Company during the pandemic as the volume of retailer offers fell away; this enabled a higher level of continuing investment in the development and improvement of the platform than might otherwise have been possible and is now delivering benefits post-pandemic. The internal generation of an income stream recycled directly into the platform alleviates the need to rely on project-based customisation revenue from banks to fund improvements and keep the platform at the leading edge of capability. RI is, however, still at a relatively early stage in terms of uncovering potential opportunities compared to other business units. Demand for accurate and timely market information continues to be demonstrated on a daily basis and correlates to the ever-changing market conditions that other businesses need to respond to by ensuring their strategy and decision-making processes are reviewed and adapted accordingly.

Inevitably much of the growth in the year was driven by the retail segment of the business as this was the area most deeply disrupted by the pandemic and had the furthest to climb to restore previous levels of activity. The volume of retailer offers continued to increase throughout the financial year, with turnover records broken in every month of the financial year from August 2021 onwards, whilst December 2021 was the first £5m+ turnover month in the Company's history, a level that was almost reached again in March and April 2022. We now have over 130 regular brands with offers running almost every month and have also actively sought to engage more global brands that can support programmes in multiple countries. Most of the brands we work with have a digital first strategy and our research indicates that these are continuing to gain market share. Reward is thus now more aligned to the retail marketplace of the future and maintaining this stance will likely remain an important consideration in future sales efforts over the next couple of years.

As a result of the new programmes, guaranteed income from platform (including customisation) fees contributed a 13% increase in gross profit during the financial year. The new programmes launched in the year will have had a minimal impact on retail revenues thus far as proportionately, in terms of number of cardholders added, these are still less than 10% of the Company total. Over time the number of cardholders will grow and begin to have a material impact on the proposition and the potential for retailers to achieve larger absolute values for return on investment. Thus, it is possible to be quite certain that rising cardholder numbers will be an important factor in relation to growth of retail revenue streams into 2022-23 and beyond.

Strategic Report (continued)
For the year ended 30 April 2022

REVIEW OF THE BUSINESS (continued)

Other notable highlights in the year for the Company's business units were as follows:

- In October 2021, following a significant investment in our internal processes, we became certified under ISO27001, an internationally recognised standard on how to manage information security.
- In the same month the retail partnerships' team gained recognition for the Company with the "publisher of the year" award at the Rakuten European Golden Link Awards 2021.
- Members of the MyRewards programme, operated for the NatWest group, demonstrated their generosity in the face of the tragic circumstances of Ukraine by responding to the Disasters Emergency Committee appeal to the extent of £1.8 million.
- Shortly following the end of the financial year, Reward won in two categories at the Performance Marketing Awards in relation to campaigns for retailers:
    - "Best use of data" in respect of a campaign for Sweaty Betty;
    - "Best Technology and Telecoms" with Sky.
- Given the resumption of travel following the pandemic, we have also launched a long-awaited travel module, in partnership with Booking.com, one of the world's leading online travel platforms.

Before spending patterns following the pandemic had a chance to normalise, they began to shift again because of the rise of inflationary pressures on household disposable income and the direct impact of restrained spending on the retail economy. One counter effect, however, as the cost-of-living crisis bites across the world, is that banks internationally are presently very interested in how they can help ensure their customers receive better value in the course of their day-to-day interactions and naturally consumers seek greater value in these circumstances. Many physical and online retailers are also keen to show how they can optimise their response to this crisis too.

In summary, the capabilities of all three of the Company's business units have been steadily enhanced over recent years on an annual basis despite the fluctuating levels of business that are reflected in the headline numbers.

Information on the future course of developments and trends is considered in more detail in the context of the Group as a whole within the strategic report of Reward Loyalty UK Ltd. This encompasses a two-prong approach of continuing to acquire cardholders and retailers in the UK and expansion of the model to Europe, the Middle East and selected Asia Pacific markets, accompanied by a revised strategic goal for the Group, of delivering £2billion of Rewards to consumers by 2025.

Strategic Report (continued)
For the year ended 30 April 2022

FINANCIAL PERFORMANCE

Reward achieved the strategic goal that it held over the past 5 years of giving back £1billion of value to participating consumers on schedule by March 2022. A summary of the position as at the end of April 2022 is illustrated by the following aggregated activity statement against preceding year comparatives:

	2022 Y/E 30 April £m	2021 Y/E 30 April £m	2020 Y/E 30 April £m
Rewards redeemed current year	**158.4**	142.0	150.4
Rewards redeemed (cumulative)	**807.3**	648.0	503.1
Rewards pending redemption	**219.7**	204.2	206.2
Rewards redeemed or pending redemption	**1,027.0**	852.2	709.3
Strategic Goal by 2022	**1,000**	1,000	1,000
Percentage reached against Strategic Goal	**102.7%**	85.2%	70.9%

The Rewards pending redemption sum in the table above is part of the assets & liabilities of Reward programmes:

Assets	**2022 Y/E 30 April £m**	2021 Y/E 30 April £m	2020 Y/E 30 April £m
Cash held by clients	**188.9**	173.0	173.9
Cash and Debtors at Reward	**30.8**	31.3	32.3
	219.7	204.3	206.2
Liabilities			
Reward Currency Issued for clients	**188.9**	173.0	173.9
Advances from clients to Reward	**12.6**	19.6	19.1
Redemption Reserve	**18.2**	11.7	13.2
	30.8	31.3	32.3
	219.7	204.3	206.2

As noted above, the Group has recently set a new strategic goal to drive twice the amount (£2 billion) of value to participating consumers in the 3 years to 2025 (instead of five years for the previous goal). The Group target will include a wider global element beyond the scope of the Company's operations in the UK.

Strategic Report (continued)
For the year ended 30 April 2022

Key performance indicators – profitability

As the Company is now part of a larger Group, the operating costs for Reward and decisions to incur capital expenditure are managed on a Group basis and consolidated in the Group financial statements. The directors believe that the consolidated financial statements of the Group provide the best understanding of the return on investment of the Group's operating profit performance and the adjustment of Group profit for investment and research and development expenditures. As a result, the Group intends to report on operating profit as a key performance indicator within the strategic report of Reward Loyalty UK Ltd.

The Company's accounts record a profit before interest and taxation of £3.4m (2021: £1.4m).

The Company has undertaken research and development and has accounted for £29,069 of tax credits which relate to the previous financial year.

The other key performance indicators that are relevant to Company's Profit and Loss Account are turnover and gross profit as follows:

Turnover: £41.1m (2021: £18.8m)

Turnover in the year increased by 119% against the previous year (2021: -36%). The turnover from retailer budgets increased by 164% (-46%), R-Insights by 87% (+107%) and platform and customisation by 12% (19%) – the comparatives in each case are given for the preceding year based on the Company's strategic report for 2020-21.

Gross Profit: £14.2m (2021: £8.6m)

The gross profit increased by 65% against the previous year. The gross profit from retailer margins increased by 147%, R-Insights by 112% and platform and customisation by 13%, reflecting the factors described in the first section of this report.

The gross margin percentage reverted to 34.6% (2021, 45.7%) as a result of the change in the mix of revenues back to the levels seen on a pre-pandemic basis (2019, 37.6%). The relative increase in lower margin retailer generated revenues derived from transactions in programmes is the principal factor underlying the movement.

Charities

Reward supports a number of charities and during the year retail and publishing partners made contributions through donation options and campaigns in programmes.

There was continued evidence that an increasing proportion of programme members were willing to contribute to public campaigns. The Disaster Emergencies Committee Ukraine Appeal reached £1.8 million comprising 70% of the £2.5m donations during the year (2021 - £0.9m).

Board of Directors

During the year changes were made to the Board at holding company level, but the Company has continued with the same Board as previously, with 6 members comprising of the non-executive Chairman, the Chief Executive Officer, the Chief Financial Officer and 3 non-Executive Directors.

Brief background details for each Board member and the Company Secretary are set out in the strategic report of Reward Loyalty UK Ltd.

Strategic Report (continued)
For the year ended 30 April 2022

PRINCIPAL RISKS AND UNCERTAINTIES

Economic/marketplace

The headlines are now dominated by the economic repercussions of the dramatic surge in energy prices following Russia's invasion of Ukraine, just as Covid-19 was disappearing from the risk agenda due to vaccine efficacy and a trend to milder variants. The risks and uncertainties for the Company, as for most other businesses, therefore, now largely centre around the wider economic effects of the inflation stimulated by energy prices.

With little obvious appetite for compromise from either side in the Ukraine, a near stalemate or a series of limited movements in front lines may be on the cards for months if not years. This suggests any remaining dependence on Russian gas and oil will be severed, leaving energy prices high until new wells are drilled or new sources of energy supply expanded. Inflation has spread to food prices and transportation costs generally and is now spilling over into public sector pay disputes. It is an open question as to how quickly inflation will fall if there are inflationary wage increases even if there is no further stimulus from energy costs. Central banks have switched from policies designed to sustain high employment through the pandemic to raising interest rates to discourage these inflationary pressures from building further. The risk of anti-inflationary policies triggering a recession have greatly increased over the last few months and the main debate now seems to be how deep and prolonged any recession will be in the UK. Meanwhile, consumers are naturally worried by a fall in real incomes, leading to restraint in discretionary spending. A period of stagnation or a shallow decrease in property values is still possible, rather than steep declines seen in the past given most mortgages in the UK remain on fixed rate terms. A highly uncertain economic environment nevertheless remains.

Whilst the inflationary conditions and cost of living worries are likely to remain challenging for the retail sector, this can work in opposing ways with the temptation to make savings from marketing budgets being offset by a desire not to lose market share against competitors. In shallow recessions coordinated cutbacks are less likely, as financially secure businesses will retain the capability to invest and prosper at the expense of those that cannot afford to keep up. This presents an opportunity for Reward given that its campaigns are highly measurable, enable close personalised targeting of customer groups and are controllable to return on investment criteria. Thus, while the position remains subject to much uncertainty, we should be able to grow in relative strength by being adaptable and accountable.

Reward's international expansion horizons had originally extended to include Russia, but this was at a planning stage at the time of the outbreak of war and we were able to curtail our plans without difficulty or loss. More widely, the expansion of Reward's objectives in the Middle East and Asia Pacific regions offers fresh perspectives and diversification opportunities away from reliance on the UK market that is more exposed to the imported price inflation issues described above. In short, there could be no better time for Reward to look wider to expand its business overseas and this is on the cusp of acquiring significant momentum.

Credit risk

Large receivable balances are created with retailers as consumers are engaged and transact within loyalty programmes. Managing these receivables is a part of the business that absorbs significant management time. Furthermore, such receivables may be at risk from insolvencies in the retail sector. Credit insurance to achieve risk mitigation is a material cost on the business. If, as expected, the economy falls into recession, credit risk will increase and the importance of this to manage risk is enhanced.

Strategic Report (continued)
For the year ended 30 April 2022

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

We have extended terms with our insurers for two years to lock in attractive terms and provide stability in the face of any forthcoming market challenges.

As indicated above, the Company mitigates this risk by credit insurance, however, in the current market, it is often not possible to obtain cover with respect to all retailers that the Company wishes to trade with. As a result, we implement alternative schemes that mitigate the risk, for example through the use of prepayments, direct debits, shorter credit terms and closer monitoring of accounts.

Credit risk also encompasses the risk of holding material programme funds in bank accounts. Cash is held with UK institutions holding an 'A-' rating or better.

Data security and cyber threats.

Many of the Company's programmes necessitate the storage and transmission of personal data. Any breaches of the Company's security infrastructure are likely to cause reputational harm and depending on the circumstances, may give rise to contractual penalties or regulatory fines if the breach is shown to correspond to weaknesses in the Company's systems. Possible outcomes of a breach of security range from increasing operating expenses (to correct problems caused by the breach), to deterring customers from using the Company's solutions thus making it harder to achieve growth, or in the most serious cases, a loss of the Company's contracts and customers.

Covid-19 has also provided incremental opportunities to cyber-attackers and necessitated additional emphasis in protecting remote workers. As cyber threats continue to evolve, the Company is required to expend significant additional resources to continue to modify and enhance the Company's protective measures and to maintain constant vigilance with respect to known information security vulnerabilities and incidents. Despite these efforts to ensure the integrity of the Company's systems and implement controls, processes, policies and other protective measures, the rapidly evolving nature of cyber-threats means that there is no absolute guarantee that systems are able to anticipate or detect all possible security threats. The Company incurs significant costs in protecting against such a possibility.

The business also relies on the secure transmission of data between the Group's computer and data management systems and networks, and those of certain suppliers and partners. The business increasingly relies on cloud-based service providers, who may also be subject to sophisticated attacks which could expose a risk to the storage and transmission of information using their networks or services. The Company undertakes checks and controls to ensure that data is accessed only on a 'need to know' basis, both to minimise the risk of interception and to minimise loss if improper access were to be gained. To our knowledge, no cyber-incident has to date had a material adverse effect on the Company's business or upon the trust placed in it by financial institutions.

Reward has continued to make every effort to review and upgrade its systems to counter the threats as far as possible. It has been complying with the highest levels of PCIDSS (Payment Card Industry Data Security Standards) since its inception and is diligent to ensure information security practices are kept up to date and that policies and procedures are followed by all employees. We apply similar criteria to other fields of personal data not specifically covered by PCIDSS and in so doing materially decrease the risk of a breach of security or loss of data. In so doing, to the greatest extent possible, the risk of a breach occurring is reduced, the risk of exposure to penalties or damages is lessened and the risk of reputational damage decreases.

During the year to April 2022 and following the year-end, Reward has continued to maintain PCI DSS Level 1 version 3.2 certification, the highest level that is possible for it to achieve.

Strategic Report (continued)
For the year ended 30 April 2022

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

Business resilience and reliance on suppliers.

Any interruptions in operations, whether arising from suppliers or the Group's own networks, may have a material adverse effect on the Company's ability to meet customers' requirements, result in revenue loss or incur additional cost to restore operations to full service. The Company maintains additional facilities for business disaster recovery to mitigate this risk, for example by having built in a level of operational redundancy that can cover any primary outage. Any such outages could be the Company's or a third-party service provider's responsibility, but each has a similar commercial impact.

The Company has outsourced certain functions to third-party service providers, including data centres and cloud service providers. It has also entered into service level agreements with its customers that often require it to operate on a 24x7 basis with limited exceptions for scheduled maintenance. If service levels agreed with customers are not achieved, the Company may be penalised by loss of revenue in the form of service credits and relies on service continuity from suppliers to offset this risk. Where possible, the Company seeks to ensure that service level credits from suppliers for any outage may offset the loss of revenue from customers, but in practice a residual risk may rest with the Company.

Data access and regulatory developments

In the Company's business model access to spend data is critical to maintaining the accounts of individual consumers who wish to participate in and derive benefit from loyalty and consumer engagement programmes. In many cases, for instance where the customer is a card issuer, the customer is also the data supplier and there is a natural alignment of interest between these capacities to make their programme a success. In a few cases it is necessary for the Company to source data from third parties, and the data may be tied to greater restrictions, or the term of the agreements may not be concurrent with the customer agreement in whose interests the data is being collected. This creates a risk that the Company will be unable to secure the performance of a third-party contract to serve customer obligations at some stage in the future. The Company mitigates this risk by regularly reviewing its agreements. Our competitors could also enter into exclusive contracts with third-party data sources.

The Company could also become subject to new restrictions on the use of data required by legislative, judicial, or regulatory guidance on the use of such data. A particular risk applies in relation to Personal Data which is heavily regulated by way of the General Data Protection Regulation ('GDPR') applicable in the European Union, and the UK version of GDPR. In particular, if such data is not collected by customers or third parties in a way that allows the Company to legitimately use and/or process the data, the Company's ability to provide solutions to its customers could be compromised, with material adverse consequences on the Company's business.

The Company has fully implemented measures to comply with the data privacy and protection principles of the GDPR applicable in the European Union and its post-Brexit UK equivalent. A new Data Protection and Digital Information Bill is currently still at second reading in the House of Commons and may yet be amended to a significant degree. At present it appears that the new legislation is likely to be marginally favourable or neutral to Reward as long as the European Union does not deem that the UK regime has departed too far from GDPR principles and removes its recognition of data adequacy with respect to the UK. When the answer to this question is known, it is likely to be the only consequence of note arising from Brexit with respect to the Company's activities. In any event, the interpretation of data privacy and protection principles is now likely to develop on different tracks over time as case law in the EU and the UK creates divergence and this will increase

Strategic Report (continued)
For the year ended 30 April 2022

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

Data access and regulatory developments (continued)

the need to keep track of differences between both sets of regulations. The Company has held a certification of compliance with ISO27001 since September 2021.

Long-selling cycle to achieve growth with banks and other financial institutions.

The Company frequently experiences a long selling cycle and, before it can commence to provide services, often has to satisfy convoluted compliance and procurement procedures instituted by the financial institutions and other large organisations that represent the Company's customer base. This entails a risk of non-recovery of business development expenses incurred during the selling cycle given that recovery may often depend on successful launch or implementation. Whilst there is no guarantee or mechanism by which the Company can mitigate this risk prior to formal agreements being signed, the Company seeks multi-year commitments from customers and limited termination rights to apply as far as possible from contract signature, to ensure that this risk is not a recurrent theme with respect to that customer.

Competition

The card-linked offer marketplace is currently a rapidly growing area that has moved from being a relatively specialist field with few participants to being a well-publicised technique for personalisation of content for marketing purposes. This has had the effect of drawing competition into the field. Competition risks for the Company range from larger, better resourced, competitors who may be able to allocate resources from larger home markets on a scale that the Company cannot match, through to smaller challengers who may be able to secure a niche relatively quickly by focussing on emergent technologies or particular market trends. The result is that the Company's market share could come under pressure in the future from either type of competitor, just as it may face competition from firms that it not yet aware of. The Company may be able to counteract or mitigate some of this risk by remaining alert to changes in consumer preferences, in technology and regulation, and by seeking to augment sources of information to maintain a competitive edge. Reward strengthens its position by diversifying the commercial models under which it earns revenues, whilst adding to its agility and ability to respond to market trends.

Strategic Report (continued)
For the year ended 30 April 2022

FUTURE DEVELOPMENTS

Information on the future course of developments and how the Group intends to deploy these on an international scale is considered in more depth within the strategic report of Reward Loyalty UK Ltd. For the foreseeable future, the Company is likely to remain a key supplier of services to the wider Reward Group entities as these are established internationally.

The Company is thus primarily responsible for the creation of platform enhancements through a pipeline of new products to support Reward's existing values and objectives, its long-term sustainable model and tangible public (consumer) benefit. As a result, the Group continues to place demands on the Company to build further on the scalability enhancements that have recently been developed as part of Reward's technology, to accelerate its investment in the capabilities of the enterprise customer engagement platform, as well as continue to evolve best practices for performance accountability for merchants and to support enhanced personalisation and power to provide insights to merchants and financial institutions.

This report was approved by the Board on 15 February 2023 and signed on its behalf by:

P T West for G A Dein
Director
Date: 15 February 2023

Directors' Report
For the year ended 30 April 2022

The directors present their annual report, together with the audited financial statements for the year ended 30 April 2022.

Principal activities

The Company originates and operates loyalty programmes and provides related support services to such programmes. Further details can be found in the Strategic Report on pages 1 to 10.

Review of the business and future developments

The review of the business and future developments can be found in the Strategic Report on pages 1 to 10 and form part of this report by cross-reference. The results of the Company for the year, as set out on pages 19 to 21, show a profit before tax of £3,415,313 (2021: £1,373,473). The shareholders' funds of the Company totals £8,389,682 (2021: £4,945,300).

Going concern

The directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of the Annual Report. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 1 to the financial statements.

Events after the balance sheet date

There are no significant events since the balance sheet date.

Financial risk management

The Company's activities expose it to a number of financial risks including credit risk and liquidity risk.

Credit risk

The Company's principal financial assets are bank balances, cash and trade and other receivables, which represent the Company's maximum exposure to credit risk in relation to financial assets.

The Company's credit risk is primarily attributable to its trade receivables. The Company trades principally with recognised, creditworthy parties. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts has not been significant.

The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies, although the Board recognises in the current economic climate these indicators cannot be relied upon exclusively.

Directors' Report (continued)
For the year ended 30 April 2022

Credit risk (continued)

The Company has no concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk

The Company manages its risk to a shortage of funds by maintaining a minimum level of cash at bank.

During the prior period, the Company secured a new facility with Barclays Bank (see Note 15). This enables the business to develop without increasing risk to a shortage of funds in the future.

Dividends

No dividend was paid or proposed during the year (2021: £nil).

Directors

The directors, who served throughout the year and at the date of this report were as follows:

N A Hynes
G A Dein
G L S Boissel
F Redon
D M Wagner
P T West

Equal opportunities

The Company is committed to an active equal opportunities policy of recruitment and selection, through training and development, appraisal and promotion.

It is the policy of the Company to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation, or religion. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit.

The Company is responsive to the needs of its employees, customers and the community at large.

Reward's board have reviewed and approved a modern slavery statement in line with the requirements set out in section 54(1) of the Modern Slavery Act 2015. The statement can be found on the home page of Reward's website and can be accessed at the following link: https://www.rewardinsight.com/modern-slavery-statement/

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Directors' Report (continued)
For the year ended 30 April 2022

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the 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 Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Subsequent to the year end Deloitte LLP will not be automatically reappointed as the Company's statutory auditor.

Approved by the Board and signed on its behalf by:

P T West
Director

Date: 15 February 2023

Directors' Responsibility Statement
For the year ended 30 April 2022

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

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

Independent auditor's report

to the member of Sports Loyalty Card Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sports Loyalty Card Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 30 April 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Independent auditor's report

to the member of Sports Loyalty Card Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

to the member of Sports Loyalty Card Limited

Extent to which the audit was considered 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.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty..

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address are described below:

- Risk of fraud in revenue recognition: We have identified risk of fraud in revenue recognition particularly in relation of the occurrences of the transactions. Procedures to address this include: we performed design and implementation testing of the key controls in the occurrence of revenue, we have traced samples to third party contracts, invoices & cash receipts and ensured that the revenue was recognised as per the original contracts and in the correct period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report

to the member of Sports Loyalty Card Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

Andrew Evans

Andrew Evans FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
15 February 2023

Profit and loss account

for the year ended 30 April 2022

	Notes	2022 £	2021 £
Turnover	1	**41,147,910**	18,794,495
Cost of sales		**(26,911,116)**	(10,196,950)
Gross profit		**14,236,794**	8,597,545
Other income		**289,812**	-
Administrative expenses		**(11,083,142)**	(7,212,347)
Operating profit		**3,443,464**	1,385,198
Finance costs (net)	3	**(28,151)**	(11,725)
Profit before taxation	4	**3,415,313**	1,373,473
Tax on profit	7	**29,069**	-
Profit for the financial year		**3,444,382**	1,373,473

There is no recognised gains or losses other than the profit in the year; accordingly no separate statement of comprehensive income is presented.

All amounts relate to continuing activities.

The notes on pages 22 to 32 form part of the financial statements.

Balance sheet

As at 30 April 2022

	Notes	2022 £	2021 £
Fixed assets			
Intangible fixed assets	8	**2,284,421**	1,575,173
Tangible fixed assets	9	**309,235**	161,111
Shares in subsidiary undertaking	10	**9,794**	9,794
		2,603,450	1,746,078
Current assets			
Debtors – due within one year	11	**21,861,567**	8,865,493
Cash at bank and in hand	12	**27,835,028**	34,211,273
		49,696,595	43,076,766
Creditors: amounts falling due within one year	13	**(23,099,753)**	(25,707,618)
Net current assets		**26,596,842**	17,369,148
Total assets less current liabilities		**29,200,292**	19,115,226
Creditors: amounts falling due after more than one year	15	**(1,890,625)**	(2,578,125)
Provisions for liabilities and charges	16	**(18,919,985)**	(11,591,801)
Net assets		**8,389,682**	4,945,300
Capital and reserves			
Called up share capital	17	**1,854,913**	1,854,913
Share premium		**4,111,279**	4,111,279
Other reserve		**136,338**	136,338
Profit and loss account		**2,287,152**	(1,157,230)
Shareholders' funds		**8,389,682**	4,945,300

Registered Number: 04158111

The notes on pages 22 to 32 form part of these financial statements.

P T West
Director
Date: 15 February 2023

Statement of changes in equity

As at 30 April 2022

	Called up share capital	Share premium account	Other reserve	Profit and loss account	**Total**
	£	£	£	£	**£**
At 30 April 2020	1,854,913	4,111,279	136,338	(2,530,703)	**3,571,827**
Profit for the financial year	-	-	-	1,373,473	**1,373,473**
At 30 April 2021	1,854,913	4,111,279	136,338	(1,157,230)	**4,945,300**
Profit for the financial year	-	-	-	3,444,382	**3,444,382**
At 30 April 2022	**1,854,913**	**4,111,279**	**136,338**	**2,287,152**	**8,389,682**

Profit and loss account

The profit and loss account includes all current period and prior period retained profits and losses.

The notes on pages 22 to 32 form part of these financial statements.

Notes to the financial statements

1. **Accounting policies**

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

General information and basis of accounting

Sports Loyalty Card Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England & Wales. The address of the Company's registered office is shown on the Company Information page.

The principal activities of the Company and the nature of the Company's operations are set out in the Strategic Report on pages 1 to 10.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Company has applied the amendments to FRS 102 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Group (Accounts and Reports) Regulations 2015.

The functional currency of Sports Loyalty Card Limited is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Sports Loyalty Card Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of cash flow statement and remuneration of key management personnel.

For the year ending 30 April 2022 the Company's subsidiary, Impact Information Company Ltd (Registration Number 06244734), was entitled to exemption from audit under Section 477 of the Companies Act 2006 relating to subsidiary companies.

The Company's parent, Reward Loyalty UK Limited (Registration Number 10701520) resolved to adopt full IFRS for the year ended 30 April 2022.

Going concern

In considering the going concern basis for preparing the financial statements, the directors have considered the profit forecasts, commercial risks and working capital and cash flow related to the programmes operated by the Company for a period of more than 12 months from the financial statements approval date. The working capital and cash flow calculations exclude unredeemed cashback held in secured bank accounts which amounted to £12,994,623 at 30 April 2022 (2021: £11,174,198).

The directors acted to ensure that adequate resources are available by securing a bank loan facility for the Company during the prior year, as detailed in Note 15. This facility will ensure that any cash requirements are met over a period when the Company is planning to make additional investment in human resources to aid growth. In respect to this and managing capital requirements, the directors have the option to reduce the cost base, including headcount, to mitigate any potential breach, and are confident that additional funding could be secured from existing shareholders if trading fell below expectations. Therefore, the Company expects to have adequate resources to continue in operational existence for the foreseeable future.

As discussed in detail in the Strategic Report, the directors have monitored the wider economic effects arising from Russia's invasion of Ukraine and Covid-19 upon the operations of the Company and the directors are confident that there will not be any significant future impact from these sources upon the Company's ability to continue in operational existence.

Taking into account all of the above, in the opinion of the directors there are no significant doubts or material uncertainties concerning the Company's ability to continue as a going concern. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Notes to the financial statements

1. Accounting policies (continued)

Turnover

Turnover comprises the invoiced value of goods and services supplied by the Company, exclusive of Value Added Tax and trade discounts.

This revenue stream comprises commissions generated by transactions within the programmes run by the Company and fees earned by the Company from setting up and managing those programmes for external parties. This income is recognised in the period to which it relates.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Software	–	25% reducing balance
Office Equipment	–	25% reducing balance

Technology development expenditure

Technology development costs are separately recognised as an intangible asset if the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Company is expected to benefit. Such costs are amortised based on a 25% reducing balance. Provision is made for any impairment. Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and therefore not treated, for dividends purposes, as a realised loss.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

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

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Small and medium sized enterprises ("SME") R&D tax credits receivable and Research and Development Expenditure Credit ("RDEC") are recognised within taxation in the Profit and Loss Account. The SME R&D tax credits and RDEC are recognised in the Financial Statements once it is established that R&D tax rule requirements have been met and the amounts are expected to be recovered; therefore, the recognition may fall within a period subsequent to the corresponding R&D spend.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Notes to the financial statements

1. Accounting policies (continued)

Leases and hire purchase

Assets held under finance leases and hire purchase contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. The Company rents its offices under operating leases.

Investment in subsidiaries

In the balance sheet, the investment in subsidiary is measured at cost less impairment.

Reward redemption provision

The Reward redemption provision represents the liability for future redemptions of loyalty currencies (e.g. points or clubcash) issued by the Company. The Company provides for the proportion of total value issued that it expects to be redeemed in future, based on the highest rates of redemption experienced historically in each programme.

Employee benefits

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement of redemption and direct issue costs, are measured at amortised cost and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Loans received as part of the Government Coronavirus Business Interruption Loan Scheme ("CBILS") are recorded at proceeds received.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in the period in which it becomes receivable. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Notes to the financial statements

2. Critical accounting judgements and key sources of estimation uncertainty

In application of the Company's accounting policies, which are described in Note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based upon experience and other factors that are considered to be relevant. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Key sources of estimation uncertainty – redemption provision

Determining the level of the redemption provision requires an estimation of the proportion of the total value of loyalty currency expected to be redeemed in the future. The Company bases its estimation upon the historical rates of redemption experienced in each programme.

The redemption provision at 30 April 2022 is £18,919,985 (2021: £11,591,801) as disclosed in Note 16.

There are no critical accounting judgements applicable.

3. Finance costs (net)

	30 April 2022 £	30 April 2021 £
Interest receivable	**(221)**	(178)
Interest payable on bank loan (see note 15)	**28,372**	7,603
Interest payable on shareholder loans	**-**	4,179
Other finance costs	**-**	121
Net finance costs	**28,151**	11,725

4. Profit before taxation

The operating profit is stated after charging / (crediting):

	30 April 2022 £	30 April 2021 £
CJRS claim	**-**	(39,490)
Depreciation on tangible fixed assets	**87,057**	38,041
Grant income	**(289,812)**	-
Rentals under operating leases for buildings	**278,877**	142,602
Loss on disposal of tangible fixed assets	**13,344**	6,132
Amortisation of intangible assets	**410,436**	231,526
Amortisation of borrowing costs	**-**	3,199
Consultancy costs	**1,445,114**	671,079
Fees payable to the Company's auditor: audit of financial statements	**45,000**	40,000

Grant income relates to an employee headcount grant provided by Invest Northern Ireland that was completed and wholly recognised in the period.

Notes to the financial statements

5. Staff costs

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

	30 April 2022 £	30 April 2021 £
Wages and salaries	**5,033,508**	3,782,594
Social security costs	**721,258**	433,372
Other pension costs (see Note 19)	**526,046**	352,634
Termination benefits	**30,000**	-
	6,310,812	4,568,600

The average monthly number of employees (including executive directors) during the year was:

	30 April 2022 No.	30 April 2021 No.
Employee numbers	**112**	74

During the prior year government grants of £39,490 were received for furloughing staff as part of a Government initiative to provide immediate financial support as a result of Covid-19. The grants were credited to administrative expenses. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the previous year.

6. Directors' remuneration

	30 April 2022 £	30 April 2021 £
Emoluments	**-**	38,333

Remuneration of highest paid director

	30 April 2022 £	30 April 2021 £
Emoluments	**-**	30,000

Subsequently to 28 February 2021, Reward Loyalty UK Limited ("RLUK"), the parent company has paid all directors' emoluments. Details concerning RLUK are disclosed in the Related Party Transactions Note 20 to the Financial Statements.

Notes to the financial statements

7. Tax

Tax on profit

	30 April 2022 £	30 April 2021 £
Total tax on profit	**29,069**	-

The standard rate of tax applied to reported profit is 19% (2021: 19%).

All deferred tax balances have been calculated at 19%, being the rate enacted at the balance sheet date at which balances are expected to reverse.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	30 April 2022 £	30 April 2021 £
Profit before tax	**3,415,313**	1,373,473
Tax on profit at standard UK corporation tax rate of 19% (2021: 19%)	**648,909**	260,960
Expenses not deductible for tax purposes	**124,675**	73,099
Capitalised expenses allowable for tax purposes	**(212,740)**	(97,602)
Accelerated capital allowances	**(38,921)**	(16,822)
Losses from prior period utilised	**(521,923)**	(219,635)
Research & development tax credit	**(29,069)**	-
Total tax credit for the year	**(29,069)**	-

An estimated deferred tax asset of £44,393 (2021: £306,273) has not been recognised in relation to losses carried forward. No deferred tax asset has been recognised as there is insufficient evidence that these losses and timing differences will be offset against taxable profits in the foreseeable future. There is no expiry date for these deferred tax assets.

Notes to the financial statements

8. Intangible fixed assets

	Technology £
Cost	
At 1 May 2021	**4,780,945**
Additions	**1,119,684**
Disposals	**-**
At 30 April 2022	**5,900,629**
Amortisation	
At 1 May 2021	**3,205,772**
Charge for the period	**410,436**
Disposals	**-**
At 30 April 2022	**3,616,208**
Net book value	
At 30 April 2022	**2,284,421**
At 1 May 2021	**1,575,173**

9. Tangible fixed assets

	Office equipment £	Software £	Total £
Cost			
At 1 May 2021	512,160	67,915	**580,075**
Additions	253,605	-	**253,605**
Disposals	(91,845)	-	**(91,845)**
At 30 April 2022	**673,920**	**67,915**	**741,835**
Depreciation			
At 1 May 2021	352,156	66,808	**418,964**
Charge for the period	86,781	276	**87,057**
Disposals	(73,421)	-	**(73,421)**
At 30 April 2022	**365,516**	**67,084**	**432,600**
Net book value			
At 30 April 2022	308,404	831	**309,235**
At 1 May 2021	160,004	1,107	**161,111**

Notes to the financial statements

10. Shares in subsidiary undertaking

	Cost £
At 1 May 2021 and 30 April 2022	9,794

The Company owns 100% of the ordinary share capital of Impact Information Company Ltd, a company incorporated in the United Kingdom and registered in England and Wales with registered number 06244734, which operates as an information services business. The registered address of Impact Information Company Ltd is c/o Reward, 71 Queen Victoria Street, London, EC4V 4BE.

Impact Information Company's loss before taxation of £37,612 (2021: £23,183) for the year to 30 April 2022 has been included within the consolidated profit and loss account of the parent company, Reward Loyalty UK Limited. The aggregate capital and reserves of Impact Information Company at 30 April 2022 are a deficit of £72,213 (2021: deficit of £34,601).

Impact Information Company Ltd has taken advantage of Section 479A of the Companies Act 2006 for exemption from audit.

The Company guarantees the liabilities of Impact Information Company Ltd.

11. Debtors

	30 April 2022 £	30 April 2021 £
Trade debtors	**18,156,203**	5,385,271
Amounts owed by subsidiary undertaking	**132,354**	112,220
Amounts owed by parent undertaking	**2,919,224**	2,382,081
Other debtors	**129,170**	62,837
Prepayments and accrued income	**524,616**	923,084
	21,861,567	8,865,493

12. Cash at bank and in hand

Restrictions on cash and cash equivalents

At 30 April 2022, total cash and cash equivalents of £27,835,028 (2021: £34,211,273) included cash amounting to £26,144,835 (2021: £30,801,024) that was held in accounts secured by a floating charge as a continuing security for the payment and discharge of liabilities arising from a cashback programme.

Notes to the financial statements

13. Creditors: amounts falling due within one year

	30 April 2022 £	30 April 2021 £
Bank loan	**687,500**	171,875
Trade creditors	**3,058,607**	969,108
Other taxes and social security	**2,245,906**	1,796,100
Other creditors	**402,723**	221,918
Accruals and deferred income	**4,026,967**	2,919,291
Amounts due to related parties	**32,500**	2,500
Third party funding advanced	**12,645,550**	19,626,826
	23,099,753	25,707,618

14. Third party funding advanced

Third parties advanced cash to enable the Company to make redemption payments for the third parties' cashback programmes. The balance of £12,645,550 (2021: £19,626,826) represents the amount not utilised at the year end. The third parties have immediate recourse to the funds they have advanced.

15. Creditors: amounts falling due after more than one year

	30 April 2022 £	30 April 2021 £
Bank loan	**1,890,625**	2,578,125

During the prior year, the Company entered into a new facility agreement with Barclays for a loan (CBILS) of £2.75m and the loan was fully drawn down on 5 January 2021. Interest is chargeable on the facility at 3.2% over Base. The term of the loan is 5 years and repayments of £171,875 per quarter have commenced on 5th April 2022.

The term loan is secured against the assets of both the Company and its subsidiary and Reward Loyalty UK Ltd, the parent of the Company, but excluding the Company's bank accounts already secured by a floating charge as a continuing security for the payment and discharge of liabilities arising from a third party's cashback programme..

Notes to the financial statements

16. Provisions for liabilities and charges

Reward redemption provision

	30 April 2022 £	30 April 2021 £
Opening balance	**11,591,801**	13,053,536
Charge to the profit and loss account	**20,860,946**	7,782,774
Utilised on redemption	**(13,532,762)**	(9,244,509)
Closing balance	**18,919,985**	11,591,801

The Reward redemption provision represents the liability for future redemptions of loyalty currencies (e.g. points or clubcash) issued by the Company. The Company provides for the proportion of total value issued that it expects to be redeemed in future, based on the highest rates of redemption experienced historically in each programme. Redemptions are non-linear and payable on demand.

17. Called up share capital and reserves

Allotted, called up and fully paid	Number of shares	£
£1 Ordinary shares of £1 each At 1 May 2021 and 30 April 2022	1,852,146	1,852,146
B Ordinary shares of £0.01 each At 1 May 2021 and 30 April 2022	276,700	2,767
Total	2,128,846	1,854,913

The company has two classes of ordinary shares which carry no right to fixed income. Only the £1 Ordinary shares are entitled to vote. In the event of any dividend being paid, only £l Ordinary shares are entitled to any distribution.

The Share Premium reserve contains premium arising on the issue of equity shares, net of issue expenses.

The Profit and Loss reserve represents cumulative profits or losses.

The Other Reserve represents the difference between the fair value of shares issued for staff incentivisation purposes and the amount paid.

18. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	30 April 2022 £	30 April 2021 £
Less than one year	**286,615**	38,719
Between one and five years	**495,000**	16,133
Total	**781,615**	54,852

Notes to the financial statements

19. Employee benefits

Defined contribution schemes

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The total expense charged to profit in the year ended 30 April 2022 was £526,046 (2021: £352,634).

20. Related party transactions

Reward Loyalty UK Limited

On 28 July 2017, Reward Loyalty UK Ltd ("RLUK") (a private company limited by shares, registered in England and Wales and incorporated on 31 March 2017 in England under the Companies Act) issued 795,854 ordinary £1 shares to 43% of the ordinary shareholders of the Company in consideration for their shareholdings in the Company.

During the period ended 30 April 2021, RLUK became the 100% shareholder of the Company. Italian Pens BV, the largest shareholder of the Company, exercised an option to exchange its shares in the Company on a 1 for 1 basis into shares of RLUK, thus making the Company a subsidiary of RLUK, which then held 96.99% of the Company's ordinary voting shares effective from 9 July 2020. There was no change in the ultimate beneficial ownership of the Company as a result of this transaction.

On 26 August 2020, Italian Pens BV transferred its holding in the RLUK shares to another company in its group, EKG Holdings 3 Ltd. There was no change in the ultimate beneficial ownership of the Company as a result of this transaction.

After a subsequent sale of shares, EKG Holdings 3 Ltd held an indirect 43.56% holding in the Company's voting share capital, but remained the largest indirect shareholder.

At the year end, G A Dein, a director of the Company, held 20.98% of the ordinary shares of RLUK and P T West, a director of the Company, held indirectly 9.28% of RLUK.

During the current and prior year, the Company did not recharge any expenses between subsidiaries within the group.

Directors' transactions

Fees of £30,000 (2021: £30,000) were accrued during the financial year in respect of Regulus Capital Consulting Limited (owned by a director of the Company) under a management agreement dated 30 March 2022 (replacing the previous agreement dated 10 September 2001). Fees of £32,500 (2021: £2,500) were included in accruals.

21. Ultimate parent undertaking and controlling party

Following the transactions referred to in Note 20 during the prior period, EKG Holdings 3 Ltd, a company incorporated in the British Virgin Islands, has an indirect 43.56% holding in the Company's voting share capital and remains the largest indirect shareholder. The ultimate holding company at the prior period and current period balance sheet date is Reward Loyalty UK Limited.