

Audited Financial Statements
for the Year Ended 30 June 2022
for
Merchant Money Ltd

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for the Year Ended 30 June 2022

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DIRECTORS:

D A Girmun
J L Stern

REGISTERED OFFICE:

Carlton House
5 High Street
Higham Ferrers
Rushden
Northamptonshire
NN10 8BW

BUSINESS ADDRESS:

Suite C
1-3 Canfield Place
London
NW6 3BT

REGISTERED NUMBER:

04504897 (England and Wales)

AUDITORS:

Willsons (Higham Ferrers) Ltd
Chartered Accountants
Statutory Auditors
Carlton House
High Street
Higham Ferrers
Northamptonshire
NN10 8BW

Balance Sheet
30 June 2022

	Notes	30.6.22 £	£	30.6.21 £	£
FIXED ASSETS					
Intangible assets	4		213,500		174,443
Tangible assets	5		11,441		10,969
Investments	6		<u>1,977,604</u>		<u>4,500</u>
			2,202,545		189,912
CURRENT ASSETS					
Debtors	7	2,938,956		5,288,825	
Cash at bank		<u>1,106,580</u>		<u>729,509</u>	
		4,045,536		6,018,334	
CREDITORS					
Amounts falling due within one year	8	<u>2,371,718</u>		<u>1,320,076</u>	
NET CURRENT ASSETS			<u>1,673,818</u>		<u>4,698,258</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,876,363		4,888,170
CREDITORS					
Amounts falling due after more than one year	9		<u>3,493,002</u>		<u>8,275,720</u>
NET ASSETS/(LIABILITIES)			<u>383,361</u>		<u>(3,387,550)</u>
CAPITAL AND RESERVES					
Called up share capital	10		7,906,874		2,524,156
Share premium			119,150		119,150
Retained earnings			<u>(7,642,663)</u>		<u>(6,030,856)</u>
SHAREHOLDERS' FUNDS			<u>383,361</u>		<u>(3,387,550)</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 23 December 2022 and were signed on its behalf by:

J L Stern - Director

Notes to the Financial Statements
for the Year Ended 30 June 2022

1. **STATUTORY INFORMATION**

Merchant Money Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the [Company Information page](#).

The company's place of business is Suite C, 1-3 Canfield Place, London, NW6 3BT

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. The directors have considered cashflow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking into account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. Those forecasts are dependent on the joint parent entities not seeking repayment of the amounts due and providing additional financial support during that period.

The joint parent entities have indicated their intention to continue to make available such funds as are needed and do not intend to seek repayment of the amounts due at the balance sheet date for the forecast period. The Directors believe the Company and joint parent entities have sufficient reserves and business controls to address any financial impact and to meet its liabilities as they fall due.

Preparation of consolidated financial statements

The financial statements contain information about Merchant Money Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Judgements

Going concern

As described in the basis of preparation and going concern, the validity of the going concern basis is dependent upon the ability of the Company to generate sufficient cash flow in the future or to continue to obtain additional finance to make loan repayments to its lenders. However, it is not possible to predict the unknowable factors or all possible future implications for a company.

Estimates

Bad and doubtful debt provision of loan receivables.

The Company is a provider of loan facilities and as such has certain inherent estimation uncertainties on the recoverability of such assets. The Company estimates the bad debt provision to reflect the company's assessment of the risk of non-recoverability of debts. It is calculated based on historic book delinquency data with the aim of allocating roll rates between different aging buckets and allocating a Loss Given Default (LGD) rate to each account based on the ageing of the account, the product type and security.

Higher provisioning percentage rates are applied to debts which are considered to be of greater risk, including those with known arrangements in place. In these cases, judgment is used based on the best available facts and circumstances. Actual amounts recovered may differ from the estimated levels of recovery which could significantly impact on operating results.

Debts will only be written off where all the collection processes have been exhausted and the debt is deemed to be irrecoverable.

At 30 June 2022, provisions for doubtful debts amounted to £190,889 (2021: £703,507).

De-recognition of assets and liabilities

The Group has sold loans to a special purpose entity. The associated assets and liabilities are no longer recognised within the Group or the Company as the directors believe they no longer control the assets and no longer retained the majority of the risks and rewards attached to the assets.

Turnover

Income is accounted for at the point when the company becomes contractually entitled.

The interest due on ordinary loans made by the company to its clients is accounted for in accordance with the interest schedule within the loan agreement. Other loans may be repaid by an agreed percentage of merchant card takings until the contracted total repayments have been made. In these cases, the interest is accounted for on a pro rata basis of each client repayment.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs are being amortised evenly over their estimated useful life of five years.

Research expenditure is written off against profits in the year in which it is incurred. Identifiable software development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Assets still under construction are not depreciated until complete.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- 33% on cost
Fixtures and fittings	- Straight line over 3 years
Computer equipment	- Straight line over 3 years

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Investments in subsidiaries and associates

Investments in subsidiary and associate undertakings are recognised at cost.

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like loans, other debtors, trade creditors and borrowings. Loans are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Taxation

Taxation 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 in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The company has tax losses of £7,437,355 to carry forward against future profits from the same trade.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 24 (2021 - 22) .

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

4. INTANGIBLE FIXED ASSETS

	Development costs £
COST	
At 1 July 2021	174,443
Additions	63,740
At 30 June 2022	<u>238,183</u>
AMORTISATION	
Amortisation for year	24,683
At 30 June 2022	<u>24,683</u>
NET BOOK VALUE	
At 30 June 2022	<u>213,500</u>
At 30 June 2021	<u>174,443</u>

5. TANGIBLE FIXED ASSETS

	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 July 2021	13,313	18,020	32,635	63,968
Additions	-	-	9,068	9,068
At 30 June 2022	<u>13,313</u>	<u>18,020</u>	<u>41,703</u>	<u>73,036</u>
DEPRECIATION				
At 1 July 2021	11,463	15,725	25,811	52,999
Charge for year	1,850	1,676	5,070	8,596
At 30 June 2022	<u>13,313</u>	<u>17,401</u>	<u>30,881</u>	<u>61,595</u>
NET BOOK VALUE				
At 30 June 2022	-	619	10,822	11,441
At 30 June 2021	<u>1,850</u>	<u>2,295</u>	<u>6,824</u>	<u>10,969</u>

6. FIXED ASSET INVESTMENTS

	30.6.22 £	30.6.21 £
Shares in group undertakings	4,500	4,500
Other loans	<u>1,973,104</u>	-
	<u>1,977,604</u>	<u>4,500</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

6. **FIXED ASSET INVESTMENTS - continued**

Additional information is as follows:

	Shares in group undertakings £
COST	
At 1 July 2021 and 30 June 2022	<u>4,500</u>
NET BOOK VALUE	
At 30 June 2022	<u>4,500</u>
At 30 June 2021	<u>4,500</u>
	Other loans £
New in year	<u>1,973,104</u>
At 30 June 2022	<u>1,973,104</u>

7. **DEBTORS**

	30.6.22 £	30.6.21 £
Amounts falling due within one year:		
Trade debtors	315,112	1,253,080
Amounts owed by group undertakings	1,029,322	2,826,062
Other debtors	92,375	82,490
Prepayments and accrued income	643,951	415,960
Accruals	<u>228,936</u>	<u>-</u>
	<u>2,309,696</u>	<u>4,577,592</u>
Amounts falling due after more than one year:		
Trade debtors	<u>629,260</u>	<u>711,233</u>
Aggregate amounts	<u>2,938,956</u>	<u>5,288,825</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

8. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30.6.22	30.6.21
	£	£
Bank loans and overdrafts	3	-
Trade creditors	3	9
Amounts owed to group undertakings	14,083	14,083
Social security and other taxes	67,767	46,220
Pension control	255	-
Other creditors	67,640	65,810
Accruals and deferred income	2,221,967	1,193,954
	<u>2,371,718</u>	<u>1,320,076</u>

9. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	30.6.22	30.6.21
	£	£
Amounts due to parent	<u>3,493,002</u>	<u>8,275,720</u>

10. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			30.6.22	30.6.21
Number:	Class:	Nominal value:	£	£
1,000	Ordinary	£1	1,000	1,000
7,905,874	Preference	£1	<u>7,905,874</u>	<u>2,523,156</u>
			<u>7,906,874</u>	<u>2,524,156</u>

5,382,718 Preference shares of £1 each were allotted and fully paid for cash at par during the year.

11. **DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

Craig Baird FCA (Senior Statutory Auditor)
for and on behalf of Willsons (Higham Ferrers) Ltd

12. **RELATED PARTY DISCLOSURES**

There is a fixed charge over the company assets in support of a loan of £1.25m taken out by Merchant Money SPV A Ltd and a fixed charge over the company assets in support of a loan of £2,992,700 taken out by Merchant Money SPV D Ltd.

13. **POST BALANCE SHEET EVENTS**

On 31 October 2022, a further 300,000 £1 preference shares were issued at par and on 30 November 2022, a further 200,000 £1 preference shares were issued at par..

14. ULTIMATE CONTROLLING PARTY

Kloof Capital Ltd and CHC International Holdings Ltd, both companies registered in the British Virgin Islands, are the joint holding companies. There is no ultimate parent company as no party holds a controlling shareholding in that company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.