

Company registration number 07227141 (England and Wales)

**STUBBEN EDGE GROUP LIMITED**  
**ANNUAL REPORT AND CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



# STUBBEN EDGE GROUP LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	C Kenning K Barretto G White N Davenport S Farrell, KC
<b>Company number</b>	07227141
<b>Registered office</b>	Fourth Floor 75-77 Cornhill London EC3V 3QQ
<b>Auditor</b>	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM1 1LA
<b>Business address</b>	Fourth Floor 75-77 Cornhill London EC3V 3QQ

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# **STUBBEN EDGE GROUP LIMITED**

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# STUBBEN EDGE GROUP LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present their annual report and consolidated and parent company financial statements of Stubben Edge Group Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2021.

#### Principal activities

Stubben Edge Group Limited was previously IOMA Group (UK) Limited, the UK arm of a diversified Financial Services Institution. Stubben Edge Group Limited (the "Group") was formed after a Management Buyout ("MBO") in February 2018. The Group Board then invested in growing the new business into a technology led and data-driven, financial services group.

The Group is a holding company with two principal operational entities. One of its main operational entities is Lucid UX Limited (Lucid). Lucid provides technology solutions in the form of software development, software support and Software as a Service (SaaS). Its client base are regulated intermediaries which consist of blue chip mid-market companies from retail brokers and MGAs to life insurers. Lucid has continued to expand upon its wealth of experience across Insurance, Finance, Healthcare and the Engineering sectors. Lucid provides scalable solutions that automate and simplify complex business environments. As part of its expansion plan, Lucid established operations in India, which has now grown to over 20 developers as the Group wins new work.

Stubben Edge (Risk) Limited is the other principal Group company and is a member of the Managing General Agents' Association ('MGAA'). It provides tailored underwriting solutions to clients who need access to international, rated and non-rated paper and specialist risk services. This element of the business has been enhanced by the Group's complementary focus on data and technology, and the provision of embedded financial services.

In addition to being the holding company for Lucid and Stubben Edge (Risk) Limited, the Group provides a financial services technology platform to affinity partners and associations, brokers and IFAs in order to reduce costs and strengthen client relationships. The Group's ecosystem helps digitise their business model and, through its recently acquired media properties, access individuals and Small to Medium-Sized Enterprises ("SMEs") with a full range of financial services products.

The Group owns three entities that were dormant during the financial period. These are Stubben Edge Labs (SE Labs) Limited, Stubben Edge Wealth Limited and Stubben Edge Operations Limited.

#### Results and dividends

The results for the year are set out on pages 9 to 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C Kenning  
K Barretto  
G White  
N Davenport  
S Farrell, KC

#### Strategic report exemption

The directors have taken advantage of the small companies exemption entitled to the Group in accordance with section 414 of the Companies Act 2006, and accordingly have not prepared a strategic report.

# **STUBBEN EDGE GROUP LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Post reporting date events**

The following events and transactions occurred subsequent to 31 December 2021:

The Company has concluded a series of acquisitions, some of which required Financial Conduct Authority ('FCA') approval before transfer.

- The first acquisition (Akoni Hub Ltd and Akoni Innovations Ltd) was concluded for a final consideration of £0.5m in cash to the shareholders of Akoni Holdings Limited on 31 March 2022 to acquire 100% of the shares of both companies.
- The second acquisition (Genesis Special Risks Ltd ('GSR')) was concluded for a final consideration of £2.5m (inclusive of £0.7m of Stubben Edge Group Limited shares) to the shareholders of GSR Limited on 30 June 2022 to acquire 100% of the shares of 'GSR'.
- The third acquisition (trade and assets of Bonhill plc's 'Business Solutions and Governance' division) was concluded for a final consideration of £0.65m in cash on 26 August 2022 to acquire 100% of the assets of this division.
- The fourth acquisition (Finpoint Limited) was concluded for a final consideration of £1.5m of Stubben Edge Group Limited shares to the shareholders of Finpoint Limited on 30 September 2022 to acquire 100% of the shares of Finpoint.

The Company obtained its Guernsey Insurance License in June 2022.

The continued expansion by the Company resulted in a primary share issuance totalling £4m at a £100m valuation (£3.90 / share), in June 2022 and a £1.6m tranche which subsequently completed in July 2022 due to strong demand.

In August 2022 the Company converted £460k of the unsecured loan notes into primary shares (117,949) at a valuation of £3.90 per share.

#### **Auditor**

KPMG Audit LLC were appointed as auditor of the Company during the year and being eligible have expressed their willingness to continue in office as the Company's auditor in accordance with Section 485 of the Companies Act 2006.

#### **Energy and carbon report**

Stubben Edge Group Limited has taken the exemption available under the Streamlined Energy and Carbon Reporting Framework on the basis that the Company and none of its subsidiaries qualify as large companies at an individual entity level.

# **STUBBEN EDGE GROUP LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Statement of disclosure to auditor**

Each director in office at the date of approval of this annual 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 / she ought to have taken as a director in order to make himself / herself 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.

On behalf of the board



C Kenning  
**Director**

Date: 31 October 2022

# **STUBBEN EDGE GROUP LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent Company financial statements in accordance with UK-adopted international accounting standards and applicable law.

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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company 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 they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# **STUBBEN EDGE GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF STUBBEN EDGE GROUP LIMITED**

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#### **Opinion**

We have audited the consolidated financial statements of Stubben Edge Group Limited (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated and company statement of financial position as at 31 December 2021, the consolidated and company statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- are properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company and Group in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **Other matter - prior period consolidated financial statements**

We note that the prior period consolidated financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

#### **Going concern**

The directors have prepared the consolidated financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the consolidated financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group and the Company's business model and analysed how those risks might affect the Group and the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Company will continue in operation.



# **STUBBEN EDGE GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF STUBBEN EDGE GROUP LIMITED**

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#### **Fraud and breaches of laws and regulations - ability to detect**

##### **Identifying and responding to risks of material misstatement due to fraud**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Group's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.
- [insert any other relevant procedures]

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, and the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and
- testing design and implementation of controls over the revenue processes, substantive test of details and reconciliations to operating systems.

##### **Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the consolidated financial statements from our general sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

The Group is subject to laws and regulations that directly affect the consolidated financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the consolidated financial statements, for instance through the imposition of litigation or impacts on the Group and the Company's ability to operate. We identified company law as being the area most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

##### **Context of the ability of the audit to detect fraud or breaches of law or regulation**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the consolidated financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the consolidated financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

# **STUBBEN EDGE GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF STUBBEN EDGE GROUP LIMITED**

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#### **The directors' report**

The directors are responsible for the directors' report. Our opinion on the consolidated financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our consolidated financial statements audit work, the information therein is materially misstated or inconsistent with the consolidated financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the consolidated financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report

We have nothing to report in these respects.

#### **Respective responsibilities**

##### **Directors' responsibilities**

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the consolidated financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

##### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

# **STUBBEN EDGE GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF STUBBEN EDGE GROUP LIMITED**

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#### **The purpose of our audit work and to whom we owe our responsibilities**

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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Simon Nicholas (Senior Statutory Auditor)**  
**For and on behalf of KPMG Audit LLC**

Date: 31 October 2022

#### **Chartered Accountants**

Heritage Court  
41 Athol Street  
Douglas  
Isle of Man  
IM1 1LA

# STUBBEN EDGE GROUP LIMITED

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December 2021	Period ended 31 December 2020 Restated*
	Notes	£	£
Revenue	4	864,968	353,857
Cost of sales		(737,027)	(233,179)
<b>Gross profit</b>		<b>127,941</b>	<b>120,678</b>
Other operating income	5	32,448	8,097
Administrative expenses		(3,886,009)	(1,513,175)
<b>Operating loss</b>	6	<b>(3,725,620)</b>	<b>(1,384,400)</b>
Interest income on financial assets at amortised cost	10	38	1
Finance costs	11	(57,151)	(177,825)
<b>Loss before taxation</b>		<b>(3,782,733)</b>	<b>(1,562,224)</b>
<b>Income tax (expense)/income</b>	12	<b>(257,408)</b>	<b>256,894</b>
<b>Loss for the year / period</b>		<b>(4,040,141)</b>	<b>(1,305,330)</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified to profit or loss</b>			
Currency translation differences		(12,162)	-
<b>Total other comprehensive loss for the year / period</b>		<b>(12,162)</b>	<b>-</b>
<b>Total comprehensive loss for the year / period</b>		<b>(4,052,303)</b>	<b>(1,305,330)</b>

# STUBBEN EDGE GROUP LIMITED

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021	31 December 2020 Restated*
Notes	£	£
Loss for the financial year / period is attributable to:		
- Owners of the parent company	(3,984,294)	(1,311,758)
- Non-controlling interests	(55,847)	6,428
	<u>(4,040,141)</u>	<u>(1,305,330)</u>
Total comprehensive loss for the year / period is attributable to:		
- Owners of the parent company	(3,996,456)	(1,311,758)
- Non-controlling interests	(55,847)	6,428
	<u>(4,052,303)</u>	<u>(1,305,330)</u>

\*The comparative information has been restated on account of the Group's first-time adoption of UK-adopted international accounting standards. See note 29 for details.

The consolidated statement of profit or loss and other comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 19 to 48 are an integral part of these financial statements.

# STUBBEN EDGE GROUP LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		2021	2020	2019
	Notes	£	Restated* £	Restated* £
<b>Non-current assets</b>				
Intangible assets	15	-	-	-
Property and equipment	16	74,220	142,173	233,558
Deferred tax asset	14	-	495,041	239,039
		<u>74,220</u>	<u>637,214</u>	<u>472,597</u>
<b>Current assets</b>				
Inventories		-	-	20,000
Trade and other receivables	18	738,796	187,849	132,435
Current tax recoverable		153,579	-	45,628
Cash and cash equivalents	20	9,071,172	3,182,740	91,986
		<u>9,963,547</u>	<u>3,370,589</u>	<u>290,049</u>
<b>Current liabilities</b>				
Trade and other payables	19	865,169	482,105	387,471
Current tax liabilities		-	-	3,273
Borrowings	21	31,121	57,597	36,837
Lease liabilities	22	69,795	96,546	87,466
		<u>966,085</u>	<u>636,248</u>	<u>515,047</u>
<b>Net current assets</b>		<u>8,997,462</u>	<u>2,734,341</u>	<u>(224,998)</u>
<b>Non-current liabilities</b>				
Borrowings	21	495,834	575,313	920,458
Lease liabilities	22	-	69,795	166,341
Deferred tax liabilities	14	1,697	503	580
		<u>497,531</u>	<u>645,611</u>	<u>1,087,379</u>
<b>Net assets</b>		<u>8,574,151</u>	<u>2,725,944</u>	<u>(839,780)</u>

# STUBBEN EDGE GROUP LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		2021	2020	2019
	Notes	£	Restated* £	Restated* £
<b>Equity</b>				
Called up share capital	23	3	2	1
Share premium account	23	14,771,562	4,871,053	-
Translation reserve		(12,162)	-	-
Retained loss		(6,140,203)	(2,155,909)	(839,781)
<b>Equity attributable to owners of the parent company</b>		8,619,200	2,715,146	(844,150)
Non-controlling interests		(45,049)	10,798	4,370
<b>Total equity</b>		<u>8,574,151</u>	<u>2,725,944</u>	<u>(839,780)</u>

\*The comparative information has been restated on account of the Group's first-time adoption of UK-adopted international accounting standards. See note 29 for details

The financial statements were approved by the board of directors and authorised for issue on 31 October 2022 and are signed on its behalf by:



C Kenning  
Director

The notes on pages 19 to 48 are an integral part of these financial statements.

# STUBBEN EDGE GROUP LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		2021	2020	2019
	Notes	£	Restated* £	Restated* £
<b>Non-current assets</b>				
Intangible assets	15	-	-	-
Property and equipment	16	66,407	139,524	230,506
Investment in subsidiary undertakings	17	1,200	1,200	1,200
Deferred tax asset	14	-	495,041	238,999
		<u>67,607</u>	<u>635,765</u>	<u>470,705</u>
<b>Current assets</b>				
Trade and other receivables	18	1,352,278	117,710	93,398
Current tax recoverable		153,579	-	43,170
Cash and cash equivalents	20	8,690,814	3,112,548	70,754
		<u>10,196,671</u>	<u>3,230,258</u>	<u>207,322</u>
<b>Current liabilities</b>				
Trade and other payables	19	615,076	475,745	349,864
Borrowings	21	31,121	57,595	36,558
Lease liabilities	22	69,795	96,546	87,466
		<u>715,992</u>	<u>629,886</u>	<u>473,888</u>
<b>Net current assets</b>		<u>9,480,679</u>	<u>2,600,372</u>	<u>(266,566)</u>
<b>Non-current liabilities</b>				
Borrowings	21	495,834	575,313	920,458
Lease liabilities	22	-	69,795	166,341
		<u>495,834</u>	<u>645,108</u>	<u>1,086,799</u>
<b>Net assets</b>		<u>9,052,452</u>	<u>2,591,029</u>	<u>(882,660)</u>



# STUBBEN EDGE GROUP LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2021

		2021	2020	2019
	Notes	£	Restated* £	Restated* £
<b>Equity</b>				
Called up share capital	23	3	2	1
Share premium account	23	14,771,562	4,871,053	-
Retained loss		(5,719,113)	(2,280,026)	(882,661)
<b>Total equity</b>		<u>9,052,452</u>	<u>2,591,029</u>	<u>(882,660)</u>

\*The comparative information is has been restated on account of the Company's first-time adoption of UK-adopted international accounting standards. See note 29 for details.

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £3,439,087 (2020 - £1,397,365 loss).

The financial statements were approved by the board of directors and authorised for issue on 31 October 2022 and are signed on its behalf by:



C Kenning  
Director

Company Registration No. 07227141

The notes on pages 19 to 48 are an integral part of these financial statements.

# STUBBEN EDGE GROUP LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Translation reserve £	Retained loss £	Total controlling interest £	Non-controlling interest £	Total £
<b>As restated for the period ended 31 December 2020:</b>								
Balance at 1 October 2019		1	-	-	(800,159)	(800,158)	4,370	(795,788)
Effect of transition to IFRS	29	-	-	-	(43,992)	(43,992)	-	(43,992)
Restated balance at 1 October 2019		1	-	-	(844,151)	(844,150)	4,370	(839,780)
<b>Period ended 31 December 2020</b>								
Loss and total comprehensive income for the period		-	-	-	(1,311,758)	(1,311,758)	6,428	(1,305,330)
Transactions with owners in their capacity as owners:								
Issue of share capital, net of issue costs	23	1	4,871,053	-	-	4,871,054	-	4,871,054
Balance at 31 December 2020		2	4,871,053	-	(2,155,909)	2,715,146	10,798	2,725,944
<b>Period ended 31 December 2021:</b>								
Loss for the period		-	-	-	(3,984,294)	(3,984,294)	(55,847)	(4,040,141)
Other comprehensive income:								
Currency translation differences		-	-	(12,162)	-	(12,162)	-	(12,162)
Total comprehensive income for the year		-	-	(12,162)	(3,984,294)	(3,996,456)	(55,847)	(4,052,303)
Transactions with owners in their capacity as owners:								
Issue of share capital, net of issue costs	23	1	9,900,509	-	-	9,900,510	-	9,900,510
Balance at 31 December 2021		3	14,771,562	(12,162)	(6,140,203)	8,619,200	(45,049)	8,574,151

The notes on pages 19 to 48 are an integral part of these financial statements.

# STUBBEN EDGE GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Retained loss £	Total £
<b>As restated for the period ended 31 December 2020:</b>					
<b>Balance at 1 October 2019</b>		1	-	(838,669)	(838,668)
Effect of transition to IFRS	29	-	-	(43,992)	(43,992)
<b>Restated balance at 1 October 2019</b>		1	-	(882,661)	(882,660)
<b>Period ended 31 December 2020:</b>					
Loss and total comprehensive income for the period		-	-	(1,397,365)	(1,397,365)
Transactions with owners in their capacity as owners:					
Issue of share capital, net of issue costs	23	1	4,871,053	-	4,871,054
<b>Balance at 31 December 2020</b>		2	4,871,053	(2,280,026)	2,591,029
<b>Period ended 31 December 2021:</b>					
Loss and total comprehensive income for the year		-	-	(3,439,087)	(3,439,087)
Transactions with owners in their capacity as owners:					
Issue of share capital, net of issue costs	23	1	9,900,509	-	9,900,510
<b>Balance at 31 December 2021</b>		3	14,771,562	(5,719,113)	9,052,452

The notes on pages 19 to 48 are an integral part of these financial statements.

# STUBBEN EDGE GROUP LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	28	(3,453,503)		(1,205,968)	
Interest paid		(57,151)		(177,825)	
Income taxes refunded		11,762		43,170	
<b>Net cash outflow used in operating activities</b>		<b>(3,498,892)</b>		<b>(1,340,623)</b>	
<b>Investing activities</b>					
Purchase of intangible assets	15	(305,857)		-	
Purchase of property and equipment	16	(19,804)		(6,690)	
Proceeds on disposal of property and equipment		626		-	
Interest received		38		1	
<b>Net cash used in investing activities</b>		<b>(324,997)</b>		<b>(6,689)</b>	
<b>Financing activities</b>					
Proceeds from issue of shares	23	10,410,368		4,995,321	
Share issue costs	23	(509,858)		(124,267)	
Currency translation differences		(12,162)		-	
Repayment of borrowings	21	(79,479)		(345,145)	
Payment of lease liabilities	22	(96,546)		(87,466)	
<b>Net cash generated from financing activities</b>		<b>9,712,323</b>		<b>4,438,443</b>	
<b>Net increase in cash and cash equivalents</b>		<b>5,888,434</b>		<b>3,091,131</b>	
Cash and cash equivalents at beginning of year		3,182,738		91,607	
Cash and cash equivalents at end of year		9,071,172		3,182,738	
<b>Relating to:</b>					
Bank balances and short term deposits		9,071,172		3,182,740	
Bank overdrafts		-		(2)	

The notes on pages 19 to 48 are an integral part of these financial statements.

# STUBBEN EDGE GROUP LIMITED

## COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	28	(3,772,013)		(1,254,861)	
Interest paid		(57,151)		(177,825)	
Income taxes refunded		-		40,712	
<b>Net cash outflow used in operating activities</b>		<b>(3,829,164)</b>		<b>(1,391,974)</b>	
<b>Investing activities</b>					
Purchase of intangible assets	15	(305,857)		-	
Purchase of property and equipment	16	(11,856)		(4,675)	
Proceeds from disposal of property and equipment		626		-	
Interest received		32		-	
<b>Net cash used in investing activities</b>		<b>(317,055)</b>		<b>(4,675)</b>	
<b>Financing activities</b>					
Proceeds from issue of shares	23	10,410,368		4,995,321	
Share issue costs	23	(509,858)		(124,267)	
Issue of debentures		-		-	
Repayment of borrowings	21	(79,479)		(345,145)	
Payment of lease liabilities	22	(96,546)		(87,466)	
<b>Net cash generated from financing activities</b>		<b>9,724,485</b>		<b>4,438,443</b>	
<b>Net increase in cash and cash equivalents</b>		<b>5,578,266</b>		<b>3,041,794</b>	
Cash and cash equivalents at beginning of year		3,112,548		70,754	
Cash and cash equivalents at end of year		<b>8,690,814</b>		<b>3,112,548</b>	

The notes on pages 19 to 48 are an integral part of these financial statements.

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Company information

Stubben Edge Group Limited is a private company limited by shares incorporated in England and Wales. The Company's principal activities and nature of its operations are disclosed in the directors' report.

The consolidated and parent company financial statements (the "financial statements") comprise of Stubben Edge Group Limited (the "Company") and all of its subsidiaries (collectively, the "Group").

#### 2 Significant accounting policies

##### 2.1 Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards and the Companies Act 2006.

These are the Group's first financial statements prepared in accordance with UK-adopted international accounting standards and IFRS 1 First time Adoption of International Financial Reporting Standards has been applied.

An explanation of how the transition to UK-adopted international accounting standards has affected the reported financial position, financial performance and cashflows of the Group is provided in note 29.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. These policies have been applied consistently to all the periods presented in these financial statements and in preparing the opening statement of financial position at 1 October 2019 for the purposes of transition to UK-adopted international accounting standards, unless otherwise indicated.

##### 2.2 New standards not yet adopted

The following new standards, amendments and interpretations are in issue but not yet effective and have not been early adopted by the Group and are not expected to have a significant impact;

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) – effective from January 2022
- 2022 Annual Improvements to IFRS Standards 2018 – 2020 – effective from January 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) – effective from January 2022
- Reference to the Conceptual Framework (Amendments to IFRS 3) – effective from January 2022
- IFRS 17 Insurance Contracts – effective from January 2023
- Classification of liabilities as current or non-current (Amendments to IAS 1) – effective from January 2023
- Amendments to IFRS 17 – effective from January 2023
- Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2) – effective from January 2023
- Definition of Accounting Estimate (Amendments to IAS 8)
- Deferred Tax related Asset and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes – effective 1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendments to IFRS 10 and IAS 28)

There are no other standards, amendments or interpretations to existing standards that are not yet effective, that would have a material impact on the Group's reported results

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 Significant accounting policies

(Continued)

#### 2.3 Basis of consolidation

The financial statements consist of the financial statements of the parent company Stubben Edge Group Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

#### 2.4 Going concern

The financial statements have been prepared on the going concern basis. Given the start-up phase of the business, the Group is not yet generating significant revenue and is incurring expenditure on its technology platform for financial intermediaries. Accordingly, the Group incurred a loss attributable to equity shareholders of £4,052,303 for the period ended 31 December 2021 (2020: loss of £1,305,330). As at 31 December 2021, the Group had cash balances of £9,071,172 and was in a net current asset and net asset position of £8,997,462 and £8,574,151 respectively as at year end.

The Company had a successful 'Series A' equity raise of £10 million in September 2021 to facilitate the Group's planned strategic growth and expansion in 2022 and to cover the ongoing operational cash flow needs of the business. As part of this strategic expansion plan, the Group has successfully acquired four new businesses in the 9 months to 30 September 2022 (see note 26 for details). The acquisition of these investments was part of the Group's plan and projected cash flow forecasts, taking into account net run rate and synergies. A successful follow-on equity raise of £5.6 million in the second and third quarters of 2022 has also resulted in additional funding being received by the Group with a view to supporting further future growth of the business.

The Group is committed to make further expenditure and investment necessary to build out its technology platform and generate future revenues, if economically viable. Management believes the cash requirements of the business will be met by cash reserves in the short term and operating cash flows over the longer term. Based on the latest trading expectations and associated cash flow forecasts of the Company prepared by the Directors, there are currently sufficient funds to continue trading activities and the roll out of the platform in 2023.

Consequently, the Directors are confident that the Group will have adequate resources for its continuing existence and projected activities for the foreseeable future and for a period of no less than a period 12 months from the date of approval of the financial statements and for these reasons, continue to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2021.

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 Significant accounting policies

(Continued)

#### 2.5 Revenue from contracts with customers

Revenue consists substantially of gross commissions and fees on insurance and other business transacted, before deduction of the related amounts payable to agents, which are included in cost of sales. Revenue is analysed into its constituent components with each element recognised at fair value upon provision of each service. Commission is recognised to the extent the service has been provided when it can be measured with suitable reliability and the Group has sufficient evidence of their recovery.

For the insurance distribution and outsourcing businesses revenue recognition is generally at the point an insurance product is sold. Mid-term adjustment and cancellation fee revenue is recognised at the point the adjustment or cancellation is performed.

The Technology Services revenues principally generate revenue from the development of technology platforms for clients to enhance the sales journey for the distribution of their insurance products, including the ongoing support and maintenance of the service delivery. The revenue recognition for development of technology platforms is at the point of completion where with no outstanding performance obligations for the Group. The revenue recognition for ongoing support and maintenance provided by Lucid UX is generally at the point the service is provided.

#### 2.6 Intangible assets

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. These costs include staff costs directly attributable to development of intangible assets. Otherwise, it is recognised in profit or loss as incurred.

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful life of 3-5 years and is generally recognised in profit or loss.

#### 2.7 Property and equipment

Property and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Right of use asset	Straight line over the lease term
Fixtures and fittings	Straight line over 3 years
Computers	Straight line over 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of profit or loss.

#### 2.8 Non-current investments

Interests in subsidiary undertakings are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the parent company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.



# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2 Significant accounting policies

(Continued)

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 2.9 Impairment of tangible and intangible assets

At each reporting end date, the group reviews the carrying amounts of its tangible 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 to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 2.11 Financial assets

Financial assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### ***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2 Significant accounting policies

(Continued)

#### ***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary. Financial assets at amortised cost include cash and cash equivalents and trade and other receivables.

#### ***Impairment of financial assets***

Financial assets other than those measured at fair value through profit or loss are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables. No additional ECL provision has been required as a result of the IFRS transition.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### ***Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts and it intends to either settle them on a net basis or to realise the asset and settle the liability simultaneously.

### 2.12 Financial liabilities

The group recognises financial debt when the group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

#### ***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

### 2.13 Equity instruments

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the company.

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2 Significant accounting policies

(Continued)

#### 2.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 2.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 2.16 Leases

At inception, the group assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property and equipment, apart from those that meet the definition of investment property.

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2 Significant accounting policies

(Continued)

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the group is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the group's estimate of the amount expected to be payable under a residual value guarantee; or the group's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in the statement profit or loss on a straight-line basis over the lease term.

Depreciation is recognised as to write off the cost or valuation of assets less their residual values over their useful life on a straight line basis over 5 years.

#### 2.17 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received. Grants are recognised as income over the period necessary to match them with related costs for which they are intended to compensate. Grants are not recognised in equity.

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these 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.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### Critical judgements and assumptions

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note 14: recognition of deferred tax assets: availability of future taxable profits against which deductible temporary differences and tax losses carried forward can be utilised; and
- Note 15: impairment test of intangible assets: key assumptions underlying recoverable amounts, including the recoverability of development costs.

### 4 Revenue from contracts with customers

	2021 £	2020 £
Revenue - external sales	864,968	353,857

All revenue is earned in the UK.

### 5 Other operating income

	2021 £	2020 £
<b>Income</b>		
Grants received	-	8,097
Former director loan account write off	31,118	-
Other	1,330	-
	32,448	8,097

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Operating loss

	2021	2020 Restated
	£	£
Operating loss for the period is stated after charging/(crediting):		
Wages and salaries	1,611,324	868,781
Auditor's remuneration	85,000	-
Professional fees	680,730	222,025
Software development costs	254,694	-
Other operating expenses	861,273	324,294
Depreciation of property and equipment	87,131	98,075
Impairment losses	305,857	-
	<u>1,611,324</u>	<u>868,781</u>

### 7 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Auditor's remuneration	85,000	-
	<u>85,000</u>	<u>-</u>

### 8 Staff costs

The average monthly number of persons (including directors) employed by the Group during the year was:

2021 Number	2020 Number
39	19
<u>39</u>	<u>19</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,462,325	775,164
Social security costs	131,516	78,849
Other pension costs	17,483	14,768
	<u>1,611,324</u>	<u>868,781</u>

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Directors' remuneration

	2021 £	2020 £
Remuneration to directors for qualifying services comprised:		
Wages and salaries	315,417	282,819
Social security costs	32,898	34,093
Other pension costs	-	-
	<u>348,315</u>	<u>316,912</u>

Other pension costs within aggregate remuneration relate to the Company's contribution to the Company's defined contribution plan.

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Wages and salaries	110,000	125,000
Social security costs	13,960	16,037
Other pension costs	-	-
	<u>123,960</u>	<u>141,037</u>

### 10 Interest income on financial assets at amortised cost

	2021 £	2020 £
Interest income		
Interest income on cash and cash equivalents	<u>38</u>	<u>1</u>

### 11 Finance costs

	2021 £	2020 £
Other interest payable	<u>57,151</u>	<u>177,825</u>

### 12 Income tax expense

	2021 £	2020 £
Current tax		
Adjustments in respect of prior periods	<u>(238,827)</u>	<u>(815)</u>

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Income tax expense

(Continued)

	2021 £	2020 £
<b>Deferred tax</b>		
Origination and reversal of temporary differences	496,235	(256,079)
<b>Total tax charge/(credit)</b>	<b>257,408</b>	<b>(256,894)</b>

The charge for the year can be reconciled to the loss per the income statement as follows:

	2021 £	2020 £
Loss before taxation	(3,782,733)	(1,562,224)
Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%)	(718,719)	(296,823)
Effect of expenses not deductible in determining taxable profit	51,466	5,815
Unutilised tax losses carried forward	673,981	305,407
Adjustment in respect of prior years	-	2,458
Group relief	-	(13,451)
Permanent capital allowances in excess of depreciation	(4,417)	(908)
Research and development tax credit	(238,827)	(3,273)
Foreign exchange differences	(2,311)	-
Deferred tax movement	496,235	(256,119)
<b>Taxation charge/(credit) for the period</b>	<b>257,408</b>	<b>(256,894)</b>

### 13 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2021 £	2020 £
In respect of:		
Intangible assets	305,857	-
Recognised in:		
Administrative expenses	305,857	-



# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Deferred taxation

#### Group

	2021 £	2020 £
Deferred tax liabilities	1,697	503
Deferred tax assets	-	(495,041)
	<u>1,697</u>	<u>(494,538)</u>

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	Accelerated capital allowances £	Tax losses £	Total £
Liability at 1 October 2019	580	-	580
Asset at 1 October 2019	(1,254)	(237,785)	(239,039)
<b>Deferred tax movements in prior year</b>			
Charge/(credit) to profit or loss	(2,289)	(253,790)	(256,079)
Liability at 1 January 2021	503	-	503
Asset at 1 January 2021	(3,466)	(491,575)	(495,041)
<b>Deferred tax movements in current year</b>			
Charge/(credit) to profit or loss	4,660	491,575	496,235
Liability at 31 December 2021	<u>1,697</u>	<u>-</u>	<u>1,697</u>

No deferred tax asset has been recognised in respect of tax losses amounting to £6,098,744 as it is not considered probable that future taxable profit will be available against which the Group can use the benefits therefrom.

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Deferred taxation

(Continued)

#### Company

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances £	Tax losses £	Total £
<b>Deferred tax movements in prior year</b>			
Charge/(credit) to profit or loss	(2,212)	(253,830)	(256,042)
Asset at 1 January 2021	(3,466)	(491,575)	(495,041)
<b>Deferred tax movements in current year</b>			
Charge/(credit) to profit or loss	3,466	491,575	495,041
Liability at 31 December 2021	-	-	-

No deferred tax asset has been recognised in respect of tax losses amounting to £5,534,202 as it is not considered probable that future taxable profit will be available against which the Company can use the benefits therefrom.

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 15 Intangible assets

#### Group and company

	Development costs £
<b>Cost</b>	
At 1 January 2021	-
Additions	305,857
	<u>305,857</u>
At 31 December 2021	<u>305,857</u>
<b>Accumulated amortisation and impairment</b>	
At 1 January 2021	-
Impairment loss	305,857
	<u>305,857</u>
At 31 December 2021	<u>305,857</u>
<b>Carrying amount</b>	
At 31 December 2021	<u>-</u>

Included in the carrying amount of development costs as at 31 December 2021 is an amount of £305,857 relating to the development of the Company platform 'Flight Deck'. The completion of the 'Flight Deck' was delayed in 2022 due to acquisitions and focus on providing enhanced services to existing clients; consequently, the benefit of the platform will not be realised as soon as previously expected and management has carried out an impairment test.

Being a new platform that is targeted to be introduced to the market and for which no historical cash flow data is available, Management has been unable to reliably estimate the recoverable amount of the asset based on either the fair value less cost of disposal or the present value of the future cash flows expected to be derived from the asset (value in use). Accordingly, Management has determined that a full impairment loss of the capitalised development cost is appropriate for the year ended 31 December 2021.

### 16 Property and equipment

#### Group

	Right of use assets £	Leasehold land and buildings £	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>					
At 1 October 2019	-	18,957	35,489	4,923	59,369
Effect of transition to IFRS (note 29)	288,496	-	-	-	288,496
	<u>288,496</u>	<u>18,957</u>	<u>35,489</u>	<u>4,923</u>	<u>347,865</u>
Restated at 1 October 2019	288,496	18,957	35,489	4,923	347,865
Additions	-	-	4,675	2,015	6,690
	<u>288,496</u>	<u>18,957</u>	<u>40,164</u>	<u>6,938</u>	<u>354,555</u>
At 31 December 2020	288,496	18,957	40,164	6,938	354,555
Additions	-	-	11,856	7,948	19,804
Disposals	-	-	(1,325)	-	(1,325)
	<u>288,496</u>	<u>18,957</u>	<u>50,695</u>	<u>14,886</u>	<u>373,034</u>
At 31 December 2021	<u>288,496</u>	<u>18,957</u>	<u>50,695</u>	<u>14,886</u>	<u>373,034</u>

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 16 Property and equipment

(Continued)

#### Group

#### Accumulated depreciation

At 1 October 2019	-	7,192	26,563	1,871	35,626
Effect of transition to IFRS (note 29)	78,681	-	-	-	78,681
Restated at 1 October 2019	78,681	7,192	26,563	1,871	114,307
Charge for the year	78,681	4,739	12,237	2,418	98,075
At 31 December 2020	157,362	11,931	38,800	4,289	212,382
Charge for the year	78,681	3,791	1,875	2,784	87,131
Eliminated on disposal	-	-	(699)	-	(699)
At 31 December 2021	236,043	15,722	39,976	7,073	298,814
<b>Carrying amount</b>					
At 31 December 2021	52,453	3,235	10,719	7,813	74,220
At 31 December 2020	131,134	7,026	1,364	2,649	142,173

#### Company

	Right of use assets	Leasehold land and buildings	Fixtures and fittings	Total
	£	£	£	£
<b>Cost</b>				
At 1 October 2019	-	18,957	35,489	54,446
Effect of transition to IFRS (note 29)	288,496	-	-	288,496
Restated at 1 October 2019	288,496	18,957	35,489	342,942
Additions	-	-	4,675	4,675
At 31 December 2020	288,496	18,957	40,164	347,617
Additions	-	-	11,856	11,856
Disposals	-	-	(1,325)	(1,325)
At 31 December 2021	288,496	18,957	50,695	358,148

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 16 Property and equipment

(Continued)

#### Company

#### Accumulated depreciation

At 1 October 2019	-	7,192	26,563	33,755
Effect of transition to IFRS (note 29)	78,681	-	-	78,681
Restated at 1 October 2019	78,681	7,192	26,563	112,436
Charge for the year	78,681	4,739	12,237	95,657
At 31 December 2020	157,362	11,931	38,800	208,093
Charge for the year	78,681	3,791	1,875	84,347
Eliminated on disposal	-	-	(699)	(699)
At 31 December 2021	236,043	15,722	39,976	291,741
<b>Carrying amount</b>				
At 31 December 2021	52,453	3,235	10,719	66,407
At 31 December 2020	131,134	7,026	1,364	139,524

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 17 Investment in subsidiary undertakings

	Company 2021 £	2020 £
Investments in subsidiaries	1,200	1,200

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Stubben Edge (Risk) Ltd	Fourth Floor, 75-77 Cornhill, London, England, EC3V 3QQ	Ordinary	100
Stubben Edge (Wealth) Ltd	Fourth Floor, 75-77 Cornhill, London, England, EC3V 3QQ	Ordinary	100
Stubben Edge Labs (SE Labs) Ltd	Fourth Floor, 75-77 Cornhill, London, England, EC3V 3QQ	Ordinary	100
Lucid UX Ltd	Fourth Floor, 75-77 Cornhill, London, England, EC3V 3QQ	Ordinary	90
Stubben Edge Operations Ltd	Fourth Floor, 75-77 Cornhill, London, England, EC3V 3QQ	Ordinary	100
Stubben Edge Claims Ltd	Fourth Floor, 75-77 Cornhill, London, England, EC3V 3QQ	Ordinary	100
Motor Edge Ltd	Fourth Floor, 75-77 Cornhill, London, England, EC3V 3QQ	Ordinary	100
Stubben Edge Payments Ltd	Fourth Floor, 75-77 Cornhill, London, England, EC3V 3QQ	Ordinary	100
Stubben Edge SA (Pty) Ltd	18 Lavin Road, Bedfordview, Johannesburg 2008	Ordinary	100

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 18 Trade and other receivables

#### Group

	2021 £	2020 £
Trade receivables	223,591	70,498
VAT recoverable	212	-
Other receivables	460,538	48,319
Prepayments	54,455	69,032
	<u>738,796</u>	<u>187,849</u>

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. No significant receivable balances are impaired at the reporting end date.

Included within the other receivables is a balance of £350,000 due from Akoni Holdings Limited which relates to the acquisition of its subsidiary companies which subsequently completed on 31 March 2022.

Included within other receivables is a balance of £42,784 which relates to the rent deposit for the Group's office lease at 75-77 Cornhill, London, EC3V 3QQ. This amount is unsecured, interest free and repayable on expiry of the lease.

#### Company

	2021 £	2020 £
Trade receivables	2,226	894
Amounts owed by subsidiary undertakings	844,278	-
Other receivables	459,000	47,784
Prepayments	46,774	69,032
	<u>1,352,278</u>	<u>117,710</u>

Amounts owed by subsidiary undertakings are unsecured, interest free and repayable on demand.

Included within the other receivables is a balance of £350,000 due from Akoni Holdings Limited which relates to the acquisition of its subsidiary companies which subsequently completed on 31 March 2022.

Included within other receivables is a balance of £42,784 which relates to the rent deposit for the Group's office lease at 75-77 Cornhill, London, EC3V 3QQ. This amount is unsecured, interest free and repayable on expiry of the lease.

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 19 Trade and other payables

Group	2021 £	2020 £
Trade payables	393,838	131,231
Accruals	123,984	34,280
Social security and other taxation	203,923	138,344
Other payables	143,424	178,250
	<u>865,169</u>	<u>482,105</u>
Non-current	-	-
Current	<u>865,169</u>	<u>482,105</u>
	<u>865,169</u>	<u>482,105</u>

Included in other payables is a balance of £141,677 (2020: £32,102) owing to third-party underwriters and brokers. These amounts are unsecured, interest free and repayable on demand.

Company	2021 £	2020 £
Trade payables	335,222	130,971
Amounts owed to subsidiary undertakings	389	43,332
Accruals	121,984	32,280
Social security and other taxation	155,734	123,014
Other payables	1,747	146,148
	<u>615,076</u>	<u>475,745</u>
Non-current	-	-
Current	<u>615,076</u>	<u>475,745</u>
	<u>615,076</u>	<u>475,745</u>

Amounts owed to subsidiary undertakings are unsecured, interest free and repayable on demand.



# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 20 Cash and cash equivalents

#### Group

	2021 £	2020 £
Bank balances	9,071,172	3,182,740
Cash and cash equivalents in the statement of financial position	9,071,172	3,182,740
Bank overdrafts repayable on demand and used for cash management purposes	-	(2)
Cash and cash equivalents in the statement of cash flows	9,071,172	3,182,738

#### Company

	2021 £	2020 £
Bank balances	8,690,814	3,112,548
Cash and cash equivalents in the statement of financial position	8,690,814	3,112,548
Bank overdrafts repayable on demand and used for cash management purposes	-	-
Cash and cash equivalents in the statement of cash flows	8,690,814	3,112,548

Counterparties holding Group cash balances are subject to pre-approval and are limited to institutions with credit ratings of BB- or higher.

Included in the balances above are fiduciary cash balances of £59,886 (2020: £20,074) which comprise client and insurer monies and fees and commissions earned but undrawn as at the balance sheet date. These funds are held in separate bank accounts for the benefit of clients and insurers.

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 21 Borrowings

#### Group

	Current		Non-current	
	2021	2020	2021	2020
	£	£	£	£
<b>Borrowings held at amortised cost:</b>				
Bank overdrafts	-	2	-	-
Directors' loans	31,121	57,595	-	-
Other loans	-	-	495,834	575,313
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Directors' loans are unsecured, interest free and repayable on demand.

Other loans are loans to the Group from unrelated parties. The loans attract interest of 10% per annum, are unsecured and payable on 29 September 2025.

#### Company

	Current		Non-current	
	2021	2020	2021	2020
	£	£	£	£
<b>Borrowings held at amortised cost:</b>				
Directors' loans	31,121	57,595	-	-
Other loans	-	-	495,834	575,313
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Directors' loans are unsecured, interest free and repayable on demand.

Other loans are loans to the Company from unrelated parties. The loans attract interest of 10% per annum, are unsecured and payable on 29 September 2025.

### 22 Lease liabilities

#### Group and company

	2021	2020
	£	£
<b>Maturity analysis</b>		
Within one year	69,795	106,960
In two to five years	-	59,381
	<u>          </u>	<u>          </u>
Total undiscounted liabilities	<u>69,795</u>	<u>166,341</u>

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 22 Lease liabilities

(Continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £	2020 £
Current liabilities	69,795	96,546
Non-current liabilities	-	69,795
	<u>69,795</u>	<u>166,341</u>

### 23 Share capital, share premium and other reserve

#### (a) Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital</b>				
<i>Issued and fully paid</i>				
Ordinary shares of 0.00001p each (2020: 0.01p each)	25,449,012	17,586	3	2

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

In March 2021, the general meeting of shareholders approved the issue of 4,869 ordinary shares of 0.01p at a price of £1.048 (2020: 429 ordinary shares of 0.01p at a price of £0.532).

In July 2021, the shareholders approved that the 22,455 ordinary shares of 0.01p each in the issued share capital of the Company be split into 22,455,000 ordinary shares of 0.00001p each, such shares having the same rights and being subject to the same restrictions (same as to nominal value) as the existing ordinary shares of 0.01p each in the capital of the Company. The share split did not impact the value of the total issued capital and was undertaken to establish a more appropriate and effective capital structure.

In July 2021, the shareholders approved the issue of 2,994,012 ordinary shares of 0.00001p at a price of £3.34.

#### (b) Share premium

	2021 £	2020 £
At the beginning of the year	4,871,053	-
Issue of new shares	10,410,367	4,995,320
Share issue expenses	(509,858)	(124,267)
At the end of the year	<u>14,771,562</u>	<u>4,871,053</u>

#### (c) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 24 Capital risk management

The group is not subject to any externally imposed capital requirements.

The Company's capital structure is comprised of share capital and retained earnings. The Company's objective when managing its capital is to finance internally generated growth while safeguarding the Company's ability to continue as going concern so it can provide returns to shareholders and benefits to other stakeholders. To manage its capital structure, the Company may adjust capital spending and issue or acquire short-term financing.

### 25 Financial risk management

#### Group

The Group's principal financial instruments are cash and cash equivalents. The main purpose of these instruments is to provide finance for the UK operations. In addition, the Group has various other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations.

#### Credit risk

Credit risk represents the risk of financial loss to the Company if a counterparty, or issuer of security, fails to meet its contractual obligations.

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Concentration of credit risk with respect to trade receivables are limited due to the Group's customer base being well diversified. The risk is mitigated by the Group by ensuring that all customers who wish to trade on credit terms are subject to credit verification procedures. Outstanding receivables balances are monitored on an ongoing basis. It is the Group policy to recognise expected credit losses ('ECLs') on financial assets measured at amortised cost using an expected loss.

The carrying amount of trade and other receivables and cash and cash equivalents represents the Group's maximum exposure to credit risk. The Group manages its credit risk by ensuring that sufficient resources are allocated to credit management to reduce the impact of the risk and using reputable financial institutions to hold its cash balance.

The Group does not have any significant credit risk exposure to any single counterparty.

#### Liquidity risk

Liquidity Risk is the risk that any company within the Group will have difficulties in paying its financial liabilities.

The value and term of short terms assets are carefully monitored against those of the Group's liabilities. The Group maintains sufficient liquid assets to meet liabilities as they fall due.

Cash balances are managed to meet short-term operational commitments. Any surplus cash balances are invested in compliance with defined investment parameters approved by the investment committee, in accordance with the risk appetite set by management.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of shareholder funding.

All the Group's liabilities are due within one year with the exception of certain payables as disclosed in note 21 (borrowings) and note 22 (lease liabilities).

#### Market risk

Market risk is the risk that fair value or cash flows of a financial instrument will fluctuate due to changes in market place. Market risk for the Group reflects interest rate risk and foreign exchange risk.

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 25 Financial risk management

(Continued)

#### *Foreign exchange risk*

Foreign currency risk represents the risk that movements in foreign exchange will affect the transactions and financial position of the Group.

Foreign currency exposures arising from overseas transactions are monitored, with no material foreign exchange transactions occurring. The Group continues to closely monitor exposure to foreign currency transactions.

#### *Interest rate risk*

Interest rate risk represents the risk that movements in the interest rate will affect fair values and interest-bearing liabilities.

The Group has both interest-bearing assets and liabilities.

Cash and cash equivalents earn interest primarily at the rates available in the short-term deposit markets. The Group's borrowings are charged interest exclusively at fixed rates. The Group is therefore exposed to interest rate movements on the assets held in short term deposits.

Sensitivity to a 10 basis point negative variance on the external weighted average interest rate for the Group for the financial year is negligible impact on Group profit and equity (2020: negligible).

#### *Lease Liabilities*

Lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be easily determined, the Group's incremental borrowing rate. The Group applied a discount rate of 10% (2020: 10%) based on the Group's weighted average cost of capital. Lease payments included in the measurement of the lease liability include fixed payments as set out within the underlying contract.

The table below summarises the maturity profile of the Group's lease liabilities:

	2021 £	2020 £
Within one year	69,795	106,960
In two to five years	-	59,381
	<u>69,795</u>	<u>166,341</u>

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 26 Events after the reporting date

The following events and transactions occurred subsequent to 31 December 2021:

The Company has concluded a series of acquisitions, some of which required Financial Conduct Authority ('FCA') approval before transfer.

- The first acquisition (Akoni Hub Ltd and Akoni Innovations Ltd) was concluded for a final consideration of £0.5m in cash to the shareholders of Akoni Holdings Limited on 31 March 2022 to acquire 100% of the shares of both companies.
- The second acquisition (Genesis Special Risks Ltd ('GSR')) was concluded for a final consideration of £2.5m (inclusive of £0.7m of Stubben Edge Group Limited shares) to the shareholders of GSR Limited on 30 June 2022 to acquire 100% of the shares of 'GSR'.
- The third acquisition (trade and assets of Bonhill plc's 'Business Solutions and Governance' division) was concluded for a final consideration of £0.65m in cash on 26 August 2022 to acquire 100% of the assets of this division.
- The fourth acquisition (Finpoint Limited) was concluded for a final consideration of £1.5m of Stubben Edge Group Limited shares to the shareholders of Finpoint Limited on 30 September 2022 to acquire 100% of the shares of Finpoint.

The Company obtained its Guernsey Insurance License in June 2022.

The continued expansion by the Company resulted in a primary share issuance totalling £4m at a £100m valuation (£3.90 / share), in June 2022 and a £1.6m tranche which subsequently completed in July 2022 due to strong demand.

In August 2022 the Company converted £460k of the unsecured loan notes into primary shares (117,949) at a valuation of £3.90 per share.

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 27 Related party transactions

The Company owed £31,121 (2020: £48,239) to C Kenning, £nil (2020: £4,651) to K Barreto and £nil (2020: £4,705) to N Davenport, all directors. The Company also owed £nil (2020: £31,118) to R Bigland, a former director.

At the balance sheet date the Company owed £nil (2020: £20,228) to relatives of C Kenning, a director.

At the balance sheet date the Company was owed £697,723 by (2020: £37,745 owed to) Lucid UX Limited, a subsidiary company. During the period the company recharged expenditure incurred of £309,573 to Lucid UX Limited.

At the balance sheet date the Company was owed £736 (2020: £536) by Stubben Edge Labs (SE Labs) Limited, a wholly owned subsidiary.

At the balance sheet date the Company owed £289 (2020: £6,022) to Stubben Edge (Risk) Limited, a wholly owned subsidiary. During the period the company recharged expenditure incurred of £12,406 to Stubben Edge (Risk Limited).

At the balance sheet date the Company owed £100 (2020: £100) to Stubben Edge Wealth Limited, a wholly owned subsidiary.

At the balance sheet date the Company was owed £155,819 (2020: £nil) by Stubben Edge South Africa, a wholly owned subsidiary.

At the balance sheet date the Company was owed £61,216 (2020: £nil) by Akoni Holdings Limited, a company that has been acquired after the balance sheet date. During the period the Company recharged expenditure incurred of £61,216 to Akoni Holdings Limited.

The above balances are unsecured, interest free and repayable on demand.

### 28 Cash absorbed by operations

#### Group

	2021 £	2020 £
Loss for the year before income tax	(3,782,733)	(1,562,224)
<b>Adjustments for:</b>		
Finance costs	57,151	177,825
Investment income	(38)	(1)
Impairment of intangible assets	305,857	-
Depreciation of property and equipment	87,131	98,075
<b>Movements in working capital:</b>		
Decrease in inventories	-	20,000
Increase in trade and other receivables	(550,947)	(53,579)
Increase in trade and other payables	430,076	113,936
<b>Cash absorbed by operations</b>	<b>(3,453,503)</b>	<b>(1,205,968)</b>

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

28 Cash absorbed by operations		(Continued)	
Company			
		2021 £	2020 £
Loss for the year after tax		(3,171,111)	(1,650,949)
<b>Adjustments for:</b>			
Finance costs		57,151	177,825
Investment income		(32)	-
Impairment of intangible assets		305,857	-
Depreciation of property and equipment		84,347	95,657
<b>Movements in working capital:</b>			
Increase in trade and other receivables		(1,234,568)	(24,312)
Increase in trade and other payables		186,343	146,918
<b>Cash absorbed by operations</b>		<u>(3,772,013)</u>	<u>(1,254,861)</u>



# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 29 Transition to UK-adopted international accounting standards

As stated in note 2, this is the Group's first financial statements prepared in accordance with UK-adopted international accounting standards.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2021, the comparative information presented in these financial statements for the 15 month period ended 31 December 2020 and in the preparation of the opening IFRS statement of financial position at 1 October 2019 (the Group's date of transition).

In preparing its opening UK-adopted international accounting standards statement of financial position, the Company has adjusted previous reported amounts prepared in accordance with UK GAAP (FRS 102). An explanation of how the transition from previous GAAP has affected the Group's financial position, financial performance and cash flows is set out below.

#### Reconciliation of equity

	1 October 2019 £	31 December 2020 £
Equity as previously reported	(795,788)	2,761,151
Adjustments arising from transition:		
Recognition of right of use asset	(43,992)	(35,207)
Equity as restated	<u>(839,780)</u>	<u>2,725,944</u>

#### Reconciliation of loss for the financial period

	2020 £
Loss as previously reported	(1,296,545)
Adjustments arising from transition:	
Recognition of right of use asset	(8,785)
Loss as restated	<u>(1,305,330)</u>

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 29 Transition to UK-adopted international accounting standards

(Continued)

#### Reconciliation of equity

	At 1 October 2019			At 31 December 2020		
	Previously reported	Effect of transition	As restated	Previously reported	Effect of transition	As restated
	£	£	£	£	£	£
<b>Fixed assets</b>						
Property, plant and equipment	23,743	209,815	233,558	11,039	131,134	142,173
Deferred tax	239,039	-	239,039	495,041	-	495,041
	<u>262,782</u>	<u>209,815</u>	<u>472,597</u>	<u>506,080</u>	<u>131,134</u>	<u>637,214</u>
<b>Current assets</b>						
Inventories	20,000	-	20,000	-	-	-
Trade and other receivables	178,063	-	178,063	187,849	-	187,849
Bank and cash	91,986	-	91,986	3,182,740	-	3,182,740
	<u>290,049</u>	<u>-</u>	<u>290,049</u>	<u>3,370,589</u>	<u>-</u>	<u>3,370,589</u>
<b>Creditors due within one year</b>						
Borrowings	(36,837)	-	(36,837)	(57,597)	-	(57,597)
Finance leases	-	(87,466)	(87,466)	-	(96,546)	(96,546)
Taxation	(3,273)	-	(3,273)	-	-	-
Other payables	(387,471)	-	(387,471)	(482,105)	-	(482,105)
	<u>(427,581)</u>	<u>(87,466)</u>	<u>(515,047)</u>	<u>(539,702)</u>	<u>(96,546)</u>	<u>(636,248)</u>
Net current (liabilities)/assets	<u>(137,532)</u>	<u>(87,466)</u>	<u>(224,998)</u>	<u>2,830,887</u>	<u>(96,546)</u>	<u>2,734,341</u>
Total assets less current liabilities	<u>125,250</u>	<u>122,349</u>	<u>247,599</u>	<u>3,336,967</u>	<u>34,588</u>	<u>3,371,555</u>
<b>Creditors due after one year</b>						
Borrowings	(920,458)	-	(920,458)	(575,313)	-	(575,313)
Finance leases	-	(166,341)	(166,341)	-	(69,795)	(69,795)
	<u>(920,458)</u>	<u>(166,341)</u>	<u>(1,086,799)</u>	<u>(575,313)</u>	<u>(69,795)</u>	<u>(645,108)</u>
<b>Provisions for liabilities</b>						
Deferred tax	(580)	-	(580)	(503)	-	(503)
Net assets	<u>(795,788)</u>	<u>(43,992)</u>	<u>(839,780)</u>	<u>2,761,151</u>	<u>(35,207)</u>	<u>2,725,944</u>

# STUBBEN EDGE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 29 Transition to UK-adopted international accounting standards

(Continued)

	At 1 October 2019			At 31 December 2020		
	Previously reported	Effect of transition	As restated	Previously reported	Effect of transition	As restated
	£	£	£	£	£	£
<b>Equity</b>						
Share capital	1	-	1	2	-	2
Share premium	-	-	-	4,871,053	-	4,871,053
Profit and loss	(800,159)	(43,992)	(844,151)	(2,120,702)	(35,207)	(2,155,909)
Non-controlling interests	4,370	-	4,370	10,798	-	10,798
<b>Total equity</b>	<b>(795,788)</b>	<b>(43,992)</b>	<b>(839,780)</b>	<b>2,761,151</b>	<b>(35,207)</b>	<b>2,725,944</b>

#### Notes to reconciliations

Under FRS 102 payments relating to the property operating lease were debited to the profit and loss account. Upon adoption of IFRS a right of use asset was recognised for this lease and the subsequent transition effect can be seen above. The impact of this change is a decrease in equity of £43,992 as at 1 October 2019, a decreased loss of £8,785 for the year ended 31 December 2020 and therefore a corresponding decrease in equity of £35,207 as at 31 December 2020.