

Sancus Holdings (UK) Limited

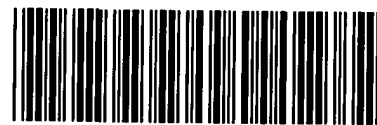
Report and Audited Financial Statements

For the Year Ended

31 December 2022

Registered number: 07485900

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COMPANIES HOUSE

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

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Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Company information

Directors:

Gary Mealing
Andrew Whitehouse
Rory Mepham

Registered Office:

7th Floor, St Albans House
57-59 Haymarket
London
SW1Y 4QX

Company registration number:

07485900 (England and Wales)

Company Secretary:

Sarah Kinrade (appointed 8 September 2022)
7th Floor, St Albans House
57-59 Haymarket
London
SW1Y 4QX

Independent Auditor:

Moore Kingston Smith LLP
9 Appold Street
London
EC2A 2AP

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 December 2022.

Principal Activity

The Company's principal activity is to act as the intermediate holding company for Sancus Loans Limited.

Results

The results of the Company for the year ended 31 December 2022 are stated in the Profit and Loss Account on page 9. The directors do not recommend the payment of a dividend and no dividends were paid in the year in respect of Ordinary shares in the Company (2021: £Nil).

Going concern

The financial statements have been prepared on a going concern basis and under the historical cost convention.

The Company is the intermediate holding company for Sancus Loans Limited. The Company currently has net liabilities predominantly due to intergroup funding. When making the going concern assessment, the Directors have considered the commitment made by the Company's immediate parent and wider Sancus Lending Group Limited to provide full financial support to the Company for at least the next 12 months from the date of signing these financial statements. It is likely that the company will require further financial support to be provided by the Sancus Lending Group Limited Group during this period.

The Directors of Sancus Holdings (UK) Limited expect the company will be able to realise its assets and discharge its liabilities in the normal course of business and therefore, but subject to support being forthcoming as noted above, consider the company to be a going concern.

Directors

The directors, who served throughout the period and up to the date of this report, except as noted, were as follows:

Gary Mealing

Andrew Whitehouse

Rory Mephram

Directors' Indemnities

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

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Directors' report (continued)

Directors' Responsibilities Statement

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

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

1. select suitable accounting policies and then apply them consistently;
2. make judgements and accounting estimates that are reasonable and prudent; and
3. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Strategic Report

The directors have taken advantage of the small companies' exemption from the requirement to prepare a strategic report.

Statement as to Disclosure of Information to Auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Moore Kingston Smith, a member of Moore Global has confirmed its willingness to continue in office and will retain appointment in accordance with section 487 of the Companies Act, 2006.

This Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. Approved by the Board and signed on its behalf by Andrew Whitehouse.



A. R. WHITEHOUSE

11/9/23

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Independent auditor's report to the members of Sancus Holdings (UK) Limited

Opinion

We have audited the financial statements of Sancus Holdings (UK) Limited (the 'company') for the year ended 31 December 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Independent auditor's report to the members of Sancus Holdings (UK) Limited (continued)

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Independent auditor's report to the members of Sancus Holdings (UK) Limited (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Independent auditor's report to the members of Sancus Holdings (UK) Limited (continued)

Use of our report

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

Moore Kingston Smith LLP

12 September 2023

Ian Matthews Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor
9 Appold Street
London
EC2A 2AP

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Profit and loss account

	Note	Year Ended 31 December 2022 £	Year Ended 31 December 2021 £
Revenue	1	9,908	214,045
Gross Profit		9,908	214,045
Staff Costs	3	(194,913)	(531,514)
Other administrative expenses		(89,094)	(102,445)
Loss on repayment of Intercompany loan on refinance	5	(1,754,320)	-
Impairment of investments	5	(735,624)	(1,746,345)
Impairment of Intercompany Loans	5	1,144,182	(2,637,537)
Operating loss	5	(1,619,861)	(4,803,796)
Loss before taxation		(1,619,861)	(4,803,796)
Taxation	6	-	-
Loss for the year attributable to the equity shareholders of the Company		(1,619,861)	(4,803,796)

Operating loss is derived from ongoing activities in both 2022 and 2021.

The Company does not have any other comprehensive income that is not already recorded above and has therefore not prepared a separate statement of total comprehensive income.

The notes on pages 12 to 20 form an integral part of these financial statements.

Sancus Holdings (UK) Limited

As at 31 December 2022

Balance sheet

	Note	31 December 2022 £	31 December 2021 £
Non-current assets			
Tangible assets	7	-	-
Investments	9	-	-
Amounts due from Sancus Loans Limited	10	8,568,126	5,579,808
		<u>8,568,126</u>	<u>5,579,808</u>
Current assets			
Debtors	10	196,486	521,710
Trade participation debtors	11	1,841	1,841
Cash at bank	12	42,681	51,345
		<u>241,008</u>	<u>574,896</u>
Creditors: amounts falling due within one year	14	(13,571,797)	(11,787,450)
Net current liabilities		<u>(13,330,789)</u>	<u>(11,212,554)</u>
Total assets less current liabilities		<u>(4,762,663)</u>	<u>(5,632,746)</u>
Net liabilities		<u>(4,762,663)</u>	<u>(5,632,746)</u>
Capital and reserves			
Ordinary shares	13	232	232
Capital Contribution		3,156,640	1,285,594
Preference shares	13	5,000,000	5,000,000
Share premium account		1,589,989	1,589,989
Profit and loss account		(14,509,524)	(13,508,561)
		<u>(4,762,663)</u>	<u>(5,632,746)</u>

The financial statements are prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements of Sancus Holdings (UK) Limited (registered number 07485900) were approved by the board of directors and were signed on its behalf by Andrew Whitehouse.



A.P. whitehouse

11/19/23

The notes on pages 12 to 20 form an integral part of these financial statements.

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Statement of changes in equity

	Ordinary Shares	Preference Shares	Share Premium Account	Capital Contribution	Profit & Loss Account	Total
	£	£	£	£	£	£
At 31 December 2020 (Restated)	232	5,000,000	1,589,989	1,228,298	(9,167,677)	(1,349,158)
Transfers (re: long-term debt)	-	-	-	(462,912)	462,912	-
Contributions in the year (re: long-term debt)	-	-	-	520,208	-	520,208
Loss for the year	-	-	-	-	(4,803,796)	(4,803,796)
At 31 December 2021	232	5,000,000	1,589,989	1,285,594	(13,508,561)	(5,632,746)
Transfers (re: long-term debt)	-	-	-	(618,898)	618,898	-
Contributions in the year (re: long-term debt)	-	-	-	2,489,944	-	2,489,944
Loss for the year	-	-	-	-	(1,619,861)	(1,619,861)
As at 31 December 2022	232	5,000,000	1,589,989	3,156,640	(14,509,524)	(4,762,663)

The notes on pages 12 to 20 form an integral part of these financial statements

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Notes to the financial statements

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year ended 31 December 2022 and the preceding year ended 31 December 2021.

a. General information and basis of accounting

Sancus Holdings (UK) Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act. The Company is a private Company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 2 and the principal activities are set out in the Directors' report on page 3.

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 ("FRS 102") "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council.

The financial statements are for the Company only and are prepared in Sterling, which is the functional currency of the Company. The Company and its subsidiary are included in the consolidated financial statements of Sancus Lending Group Limited which are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the UK. The consolidated financial statements can be obtained as set out in note 15. As a result, the Company has taken the exemption available under s401 of the Companies Act 2006 negating the need to prepare consolidated group accounts of the Company and its subsidiary.

b. Disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to presentation of a cash flow statement, a reconciliation of the number of shares outstanding at the beginning and at the end of the period, disclosure requirements regarding financial instruments, remuneration of key management personnel and disclosures in respect of the Company's related party transactions within the Sancus Lending Group Limited group. Where relevant, equivalent disclosures have been given in the group accounts of Sancus Lending Group Limited and can be obtained as set out in note 15.

c. Going concern

The financial statements have been prepared on a going concern basis and under the historical cost convention.

The Company is the intermediate holding company for Sancus Loans Limited. The Company currently has net liabilities predominantly due to intergroup funding. When making the going concern assessment, the Directors have considered the commitment made by the Company's immediate parent and wider Sancus Lending Group Limited to provide full financial support to the Company for at least the next 12 months from the date of signing these financial statements. It is likely that the company will require further financial support to be provided by the Sancus Lending Group Limited Group during this period.

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Notes to the financial statements

1. Accounting policies (continued)

c. Going concern (continued)

The Directors of Sancus Holdings (UK) Limited expect the company will be able to realise its assets and discharge its liabilities in the normal course of business and therefore, but subject to support being forthcoming from its parent company, consider the company to be a going concern.

d. Tangible fixed assets and depreciation

Tangible assets with finite useful lives are depreciated to profit and loss on a straight-line basis over their estimated useful lives. Useful lives and depreciation methods are reviewed at the end of each annual accounting period. Depreciation commences when the tangible asset is available for use. The Residual value of tangible assets is assumed to be zero. The expected useful life of assets is as follows:

I.T. Equipment - 3 Years

e. Financial Instruments

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

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

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Short-term debtors (including trade participation debtors) are subsequently measured at this transaction price, less any provision for impairment. Short-term creditors are subsequently measured at the undiscounted amount of consideration expected to be paid.

Long-term creditors and debt instruments (including borrowings) are subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognised when and only when the contractual rights to the cash flows from the financial asset expire or are settled, the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset or the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Notes to the financial statements

1. Accounting policies (continued)

e. Financial instruments (continued)

(ii) Cash at bank

Cash includes balances held on deposit at banks, cash in hand and amounts readily convertible to cash.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at fair value of cash received or receivable, net of direct issue costs. Shares are classified as equity when there is no obligation to transfer cash or other assets.

f. Impairment

Financial and non-financial assets are assessed for indicators of impairment at the end of each reporting period. Financial and non-financial assets are impaired where there is objective evidence that, as a result of events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been impacted. Changes in the carrying amount of the asset are recognised in the Profit and Loss account.

g. Revenue

Revenue represents fees receivable from group companies for services provided by the Company's employees.

All revenue, by both destination and origination, is derived in the UK.

h. Expenditure

Expenditure is accounted for on an accruals basis.

i. Provisions and underwriting losses

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

j. Current and deferred income tax

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the period end date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities. Deferred income tax assets in respect of capital losses, trading losses and non-trade deficits are recognised when their future recovery is reasonably certain.

k. Pension obligations

The Company operates a defined contribution pension scheme for its employees in accordance with the Auto enrolment obligations via Simple AE. The scheme commenced in April 2018. The amount charged to the profit and loss account in respect of pension costs is the company contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are included as accruals in the balance sheet.

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Notes to the financial statements

1. Accounting policies (continued)

1. Investment in subsidiaries

Investments in subsidiaries are held at historical cost less any impairment.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described throughout note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily verifiable 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 following are the critical judgements and estimation uncertainties that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Deferred Tax

The Directors are required to use their judgement to assess the value of deferred tax assets. This is done by reference to future forecasts. The Directors are currently of the opinion that the future profitability of the Company is not sufficiently material or determinable at the accounting reference date to justify any recognition of a deferred tax asset. However, they will continue to monitor this in future accounting periods.

Impairment of loans advanced

Loans made by the Company to its subsidiary are to finance its underlying lending business. Funds are used to advance loans to third parties and therefore the recoverability of the Company's loan is dependent on the performance of the underlying loan book. These loans may, after funding, become non-performing for a wide variety of reasons including non-payment of principal or interest, as well as covenant violations by the borrower in respect of the underlying loan documents. In such circumstances, the Directors will make an assessment as to whether this indicates objective evidence of impairment to the loan advanced to Sancus Loans Limited. This takes into account other factors related to the loan book including, but not limited to significant financial difficulty of the borrower, default or delinquency in interest or principal payments, a substantial reduction in performance of the underlying business, a substantial fall in the value of the underlying security or it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit or loss as described below.

Impairment of financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Notes to the financial statements

3. Staff costs

Staff costs (including executive Directors) are as follows:

	Year Ended 31 December 2022 £	Year Ended 31 December 2021 £
Wages and salaries	145,833	465,206
Social security costs	40,339	51,851
Pension costs	2,154	8,900
Other staff costs	6,587	5,557
	<u>194,913</u>	<u>531,514</u>

The average monthly number of employees including executive directors during the period was 1.08 (2021: 3.6). Of the average monthly number employed 1.08 were directors (2021: 3.6).

4. Directors

There were 3 directors that served on the Board of the Company at some point during the year. (2021: 6). Of these, 1 has been employed and paid by the Company in the year to 31 December 2022 (2021: 2). The other directors were paid by other Sancus Lending Group companies for qualifying service related to this entity in both 2022 and 2021. Their emoluments are disclosed below:

	Year Ended 31 December 2022 £	Year Ended 31 December 2021 £
Remuneration in respect of qualifying service – fixed salary	145,833	465,206
Contributions to money purchase pension schemes	2,154	8,900
	<u>147,987</u>	<u>474,106</u>

The remuneration of the highest paid Director was made up of emoluments totalling £131,132 (2021: £325,126).

5. Operating loss

	Year Ended 31 December 2022 £	Year Ended 31 December 2021 £
Operating loss is arrived at after charging/(crediting):		
Audit fees	9,975	8,700
Impairment of investments	735,624	1,746,345
Impairment of intercompany loan	(1,144,182)	2,637,537
Loss on repayment of intercompany loan on refinance	1,754,320	-
Amortisation and depreciation	-	136

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Notes to the financial statements

6. Taxation

The Company being loss making in the current and preceding year has no tax liability. The Company has an estimated £8.9m (December 2021: £7.1m) of losses available to carry forward and offset against future trading profit or surrender in respect of group relief.

The Directors have chosen not to recognise any deferred tax asset on the accumulated losses as their future recovery is insufficiently certain.

Similarly, capital allowance timing differences which could give rise to an actual liability in the future have not been recognised as the tax losses would be eligible to offset any potential tax charge.

7. Tangible fixed assets

	IT Equipment £
Cost	
At 31 December 2021	3,352
Disposals	(3,352)
At 31 December 2022	<u>-</u>
Depreciation	
At 31 December 2021	3,352
Charge for the year	-
Disposals	(3,352)
At 31 December 2022	<u>-</u>
Net book value	-
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>-</u>

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Notes to the financial statements

8. Intangible fixed assets

	Software development £
Cost	
At 31 December 2022 and 31 December 2021	913,124
Amortisation	
At 31 December 2022 and 31 December 2021	913,124
Net book value	
At 31 December 2022 and 31 December 2021	-

The intangible assets comprise of a finance platform which has had no useful economic life since 31 December 2020 in terms of writing new business. However legacy business exists on the platform, albeit that this business has no value.

9. Investments

	31 December 2022 £	31 December 2021 £
Investment in Sancus Loans Limited	-	-

Sancus Holdings (UK) Limited owns 100% of the issued share capital of Sancus Loans Limited, a special purpose lending vehicle established in January 2019. Sancus Loans Limited, registered address: 7th Floor, St Albans House, 57-59 Haymarket, London, United Kingdom, SW1Y 4QX, was incorporated in England on 3rd July 2017. The consideration of £1 in exchange for 1 ordinary share with par value £1 was deemed to be the fair value of Sancus Loans Limited at incorporation.

Sancus Loans Limited had revenue of £4,391,212 in the year (2021: £2,987,707) and a net loss of £998,261 in the year (2021: Net loss £4,383,883). Net liabilities at 31 December 2022 were £1,493,355 (31 December 2021: Net liabilities £2,637,537).

The movement in investment during the year is down to the discounting of the long term loan with Sancus Loans Limited. This investment has then been subsequently written down fully in 2021 and particularly in 2022 to reflect the net liability position of Sancus Loans Limited.

10. Debtors

Debtors due in greater than one year

Debtor amounts due from Sancus Loans Limited have been restated in the prior year as being due in greater than one year and also to include a discount for the time value of money. A discount rate of 7.25% per annum has been used. The amount due is expected to be repaid on 23 November 2026. In addition the loan has been written down to reflect the net liability position of Sancus Loans Limited.

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Notes to the financial statements

10. Debtors (continued)

	31 December 2022	31 December 2021
	£	£
Debtors due in less than 1 year.		
Amounts due from Sancus Loans Limited	162,000	162,000
Amounts due from other group companies	24,717	342,944
VAT	6,283	7,847
Prepayments	3,486	8,919
	<u>196,486</u>	<u>521,710</u>

Amounts due from group companies listed within debtors due in less than one year are interest free, unsecured and are receivable on demand.

11. Trade participation debtors

Historically, to demonstrate business confidence in its credit policy, the Company has participated in each lender funding opportunity on the legacy platform noted in note 8 above. The remaining outstanding balance represents amounts remaining on the legacy platform due to Sancus Holdings (UK) Limited.

12. Cash at bank

Cash at bank represents balances held in current accounts with UK banks.

13. Share capital

	31 December 2022	31 December 2021
	£	£
<i>Called up, allotted and fully paid</i>		
232,104 (2021: 232,104) Ordinary shares of £0.001 per share	<u>232</u>	<u>232</u>
5,000,000 (2021: 5,000,000) Preference shares of £1 per share	<u>5,000,000</u>	<u>5,000,000</u>

Preference share capital at 31 December 2022 represents the amount of subscribed £1 preference shares under the subscription agreement entered into with Sancus Lending Group Limited, dated 10 March 2016. All amounts had been paid at 31 December 2022 (2021: £Nil un-paid).

Under the arrangements, the holders of preference share capital were entitled to receive, in respect of each preference share, a fixed cumulative preferential dividend at a rate of 7% per annum on the amount paid up on each share until 30 June 2017, and at a nil rate from 1 July 2017. Preference share dividends accruing during the period totalled £Nil (2021: £Nil). At 31 December 2022 there was no outstanding preference dividend (2021: £Nil).

Sancus Holdings (UK) Limited

For the year ended 31 December 2022

Notes to the financial statements

13. Share capital (continued)

The preference shares, together with any unpaid dividends were scheduled to convert into Ordinary shares on 10 March 2021. However, this did not occur. Given that Sancus Group Holdings Limited has held 100% of the outstanding preference shares and Ordinary shares since 10 March 2021 there are no consequences as a result of this delay.

14. Creditors

	31 December 2022	31 December 2021
	£	£
Amounts falling due within one year		
Trade creditors	8,695	8,656
Taxes and social security costs	-	12,770
Other creditors	2,610	3,884
Amounts due to Sancus Group Holdings Limited	13,548,724	11,563,271
Amounts due to other Group companies	177	4,659
Accruals and deferred income	11,591	194,210
	<u>13,571,797</u>	<u>11,787,450</u>

Amounts due to group companies are interest free, unsecured and are repayable on demand.

15. Immediate and Ultimate Parent Company

The Company's Immediate Parent Company as at 31 December 2022 is Sancus Group Holdings Limited. The ultimate controlling party is Sancus Lending Group Limited. Both these companies are incorporated in Guernsey. The smallest and largest Group in which the results of the Company are consolidated is Sancus Lending Group Limited and the accounts can be obtained from the Sancus Lending Group Limited website: www.sancus.com.