

Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 31st March 2023

for

Connectum Limited

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for the Year Ended 31st March 2023

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Connectum Limited

Company Information
for the Year Ended 31st March 2023

DIRECTORS:

Dr D Gololobov (Non-Exec Director)
Dr I Leonidov
Dr P Zimmer

REGISTERED OFFICE:

63 St. Mary Axe
Office 216
London
EC3A 8AA

REGISTERED NUMBER:

08941525 (England and Wales)

AUDITORS:

Smartax Limited
Chartered Certified Accountants and
Statutory Auditors
38 Station Road
Harrow
HA2 7SE

Strategic Report
for the Year Ended 31st March 2023

The directors present their strategic report for the year ended 31st March 2023.

REVIEW OF BUSINESS

Both the level of business and the year-end financial position were as expected in light of the current trading conditions. Besides this, the company had a change of control in 2021 after approval by the FCA with the new and sole shareholder being Mrs S. Heng. The directors expect first a phase of transition and re-organisation within the company followed by improving growth and profitability over the coming years.

During the period the company's turnover was £33,704,271 compared to £35,711,828 for the preceding year. In the previous year a pre-tax profit of £4,483,582 was recorded while in this period a pre-tax profit of £7,522,540 was recorded.

At 31 March 2023, the company had net assets of £12,598,971 (2022: net assets of £7,076,431).

PRINCIPAL RISKS AND UNCERTAINTIES

The directors recognise that within the business there are a number of risks which may affect the performance of the company. These risks are subject to regular review and where appropriate policies, processes and controls are established to minimise the level of exposure. The company undertakes the following measures to mitigate risks:

Operational risk - The company carries out regular stress testing and monitoring of portfolio, annual review on safety of IT systems, adopting and executing Data Security policies and controls and employing an effective Business Continuity Plan.

Security risk - To mitigate this risk the company adopts Data Security policies that include limited rights of system usage for employees, the implementation of anti-malware, firewall and IDS solutions. In addition staff are provided mandatory compliance training and on general awareness. Periodic compliance reviews are carried out by the chief risk officer. The company also employs data privacy and protection procedures.

Counterparty risk - This is the risk of potential processing of fraudulent cards transactions. To mitigate this from happening the company adopt fraud management policies and procedures as well as using fraud monitoring and detection controls.

Financial risk - The company has a very limited exposure to financial risk as it has no interest-bearing liabilities and/or bank debts and is operated on a positive cash balance.

Credit risk - where the company settles card payments prior to mutual set-off date. The company performs an analysis of the counterparty or payment services user (the merchant) and settlement limits are put in place in terms of amount and the periodicity of payments.

Liquidity risk - This risk is mitigated by holding majority of funds with the central Bank of Lithuania and through carrying out ongoing reviews of the other credit institutions, where payment services users' funds are being held. In addition, the liquidity risk is managed by routine daily monitoring of cash flows.

Compliance risk - Strict anti-money laundering policies and procedures are adopted and adhered to ensuring the risk non-compliance is mitigated. Regular reviews and updating of the parameters, rules and criteria used to generate monitoring reports or issue alerts are carried out, taking into account the changes in business operations and new fraud typologies. The transactions/card used in transaction are not processed until the all checks are completed. If funds used in a transaction could be related to money laundering or financing of terrorism, the transaction/card will not be processed until reviewed by the money laundering reporting officer.

Strategic Report
for the Year Ended 31st March 2023

KEY PERFORMANCE INDICATORS

In the opinion of the directors the following are Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business:

Key Performance Indicator	2023	2022
Turnover	£33,704,271	£35,711,828
Gross profit	£8,106,597	£5,042,516
Net profit before tax	£7,522,540	£4,483,582

ON BEHALF OF THE BOARD:

Dr I Leonidov - Director

8th January 2024

Report of the Directors
for the Year Ended 31st March 2023

The directors present their report with the financial statements of the company for the year ended 31st March 2023.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of an authorised payment institution, specialising in acquiring and payments functions and holding principal memberships with VISA and MasterCard.

The company has established an administrative office based in Latvia.

DIVIDENDS

An interim dividend of £6.66 per share was paid on 9th June 2023. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31st March 2023 will be £ 2,000,000 .

FUTURE DEVELOPMENTS

The company is regulated under the FCA and received approval for the change of control during the 2021 financial year. After a phase of transition, and in the aftermath of the UK exiting the EU, the company intends to apply for an EU authorised payment institution in EU member states. An EU authorized payment institution shall be the basis of the company's future expansion and growth.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st April 2022 to the date of this report.

Dr D Gololobov (Non-Exec Director)

Dr I Leonidov

Dr P Zimmer

FINANCIAL INSTRUMENTS

The company has adopted risk management policies that seek to protect the company from events that would hinder the achievement of the company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management risk at a business unit level.

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Report of the Directors
for the Year Ended 31st March 2023

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Smartax Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Dr I Leonidov - Director

8th January 2024

Report of the Independent Auditors to the Members of Connectum Limited

Opinion

We have audited the financial statements of Connectum Limited (the 'company') for the year ended 31st March 2023 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditors' 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.

The impact of uncertainties due to COVID-19 and Britain exiting the EU

Uncertainties related to the effects of COVID-19 and Brexit are relevant to understanding our audit of the accounts. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of investments, intangible assets and related disclosures and the appropriateness of the going concern basis of preparation of the accounts. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

The COVID-19 pandemic has had an unprecedented impact upon the worldwide economy. At the date of this report, the full range of possible effects upon companies cannot be estimated or assessed due to the current levels of uncertainty around government and consumer responses to what might happen.

Brexit is one of the most significant economic events of the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.

We applied a standard firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. No audit should be expected to predict the unknown factors or all possible future implications for a company and this is particularly the case in relation to COVID-19 and Brexit.

Conclusions relating to going concern

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

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

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

Report of the Independent Auditors to the Members of Connectum Limited

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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 Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

Report of the Independent Auditors to the Members of Connectum Limited

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. Our audit procedures were designed to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, financial reporting legislation, the Companies Act 2006, distributable profits legislation and UK pensions and tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management regarding correspondence with regulators and tax authorities.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it and therefore we have communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indication of fraud or non-compliance with laws and regulations throughout the audit.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates. We addressed the risk of management override of internal controls through testing journals. We evaluated whether there was evidence of bias by the directors in accounting estimates that represented a risk of material misstatement due to fraud. We challenged assumptions and judgements made by management in any significant accounting estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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

S Rajan CTA FCCA ACA (Senior Statutory Auditor)
for and on behalf of Smartax Limited
Chartered Certified Accountants and
Statutory Auditors
38 Station Road
Harrow
HA2 7SE

8th January 2024

Income Statement
for the Year Ended 31st March 2023

	Notes	31.3.23 £	31.3.22 £
TURNOVER		33,704,271	35,711,828
Cost of sales		<u>25,597,674</u>	<u>30,669,312</u>
GROSS PROFIT		8,106,597	5,042,516
Administrative expenses		<u>639,242</u>	<u>562,100</u>
OPERATING PROFIT	4	7,467,355	4,480,416
Interest receivable and similar income	5	<u>55,331</u>	<u>3,166</u>
		7,522,686	4,483,582
Interest payable and similar expenses	6	<u>146</u>	<u>-</u>
PROFIT BEFORE TAXATION		7,522,540	4,483,582
Tax on profit	7	<u>1,153,037</u>	<u>850,634</u>
PROFIT FOR THE FINANCIAL YEAR		6,369,503	3,632,948

The notes form part of these financial statements

Other Comprehensive Income
for the Year Ended 31st March 2023

	Notes	31.3.23 £	31.3.22 £
PROFIT FOR THE YEAR		6,369,503	3,632,948
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		-	-
FOR THE YEAR		<u>6,369,503</u>	<u>3,632,948</u>

Connectum Limited (Registered number: 08941525)**Balance Sheet**
31st March 2023

	Notes	31.3.23 £	£	31.3.22 £	£
FIXED ASSETS					
Tangible assets	9		28,022		39,854
Investments	10		<u>176,134</u>		<u>-</u>
			204,156		39,854
CURRENT ASSETS					
Debtors	11	3,264,112		3,567,286	
Cash at bank		<u>12,074,618</u>		<u>4,366,802</u>	
		15,338,730		7,934,088	
CREDITORS					
Amounts falling due within one year	12	<u>4,091,565</u>		<u>891,439</u>	
NET CURRENT ASSETS			<u>11,247,165</u>		<u>7,042,649</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			11,451,321		7,082,503
PROVISIONS FOR LIABILITIES	13		<u>5,387</u>		<u>6,072</u>
NET ASSETS			<u>11,445,934</u>		<u>7,076,431</u>
CAPITAL AND RESERVES					
Called up share capital	14		300,000		300,000
Retained earnings	15		<u>11,145,934</u>		<u>6,776,431</u>
SHAREHOLDERS' FUNDS			<u>11,445,934</u>		<u>7,076,431</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8th January 2024 and were signed on its behalf by:

Dr I Leonidov - Director

Statement of Changes in Equity
for the Year Ended 31st March 2023

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st April 2021	300,000	3,143,483	3,443,483
Changes in equity			
Total comprehensive income	-	3,632,948	3,632,948
Balance at 31st March 2022	300,000	6,776,431	7,076,431
Changes in equity			
Dividends	-	(2,000,000)	(2,000,000)
Total comprehensive income	-	6,369,503	6,369,503
Balance at 31st March 2023	300,000	11,145,934	11,445,934

**Cash Flow Statement
for the Year Ended 31st March 2023**

	Notes	31.3.23 £	31.3.22 £
Cash flows from operating activities			
Cash generated from operations	1	10,083,337	3,491,638
Interest paid		(146)	-
Tax paid		(249,900)	(963,245)
Net cash from operating activities		<u>9,833,291</u>	<u>2,528,393</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(4,672)	(21,881)
Purchase of fixed asset investments		(176,134)	-
Interest received		55,331	3,166
Net cash from investing activities		<u>(125,475)</u>	<u>(18,715)</u>
Cash flows from financing activities			
Equity dividends paid		(2,000,000)	-
Net cash from financing activities		<u>(2,000,000)</u>	<u>-</u>
Increase in cash and cash equivalents		<u>7,707,816</u>	<u>2,509,678</u>
Cash and cash equivalents at beginning of year	2	4,366,802	1,857,124
Cash and cash equivalents at end of year	2	<u>12,074,618</u>	<u>4,366,802</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31st March 2023**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.3.23 £	31.3.22 £
Profit before taxation	7,522,540	4,483,582
Depreciation charges	16,504	18,091
Finance costs	146	-
Finance income	(55,331)	(3,166)
	7,483,859	4,498,507
Decrease in trade and other debtors	303,174	181,734
Increase/(decrease) in trade and other creditors	2,296,304	(1,188,603)
Cash generated from operations	10,083,337	3,491,638

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st March 2023

	31.3.23 £	1.4.22 £
Cash and cash equivalents	12,074,618	4,366,802

Year ended 31st March 2022

	31.3.22 £	1.4.21 £
Cash and cash equivalents	4,366,802	1,857,124

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.22 £	Cash flow £	At 31.3.23 £
Net cash			
Cash at bank	4,366,802	7,707,816	12,074,618
	4,366,802	7,707,816	12,074,618
Total	4,366,802	7,707,816	12,074,618

Notes to the Financial Statements
for the Year Ended 31st March 2023

1. STATUTORY INFORMATION

Connectum Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The financial statements are prepared in sterling, which is the presentational and functional currency of the entity.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcome may differ.

Turnover

Turnover is measured at fair value of the consideration received or receivable, excluding value added tax and net of discounts. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The specifics surrounding the Company revenue recognition policy are as follows:

Turnover relating to commission income derived from payment processing is recognised on receipt of remittances on behalf of clients in the client account, and upon client authorisations to undertake currency transactions for immediate or forward delivery.

Turnover generated from account maintenance is recognised when the service is provided and the amount received or receivable can be measured reliably.

Turnover from foreign currency exchange relates to the forex margin earned by the company from execution of foreign currency transactions, commission and charges from such transactions and revaluation of foreign currency balances. Revenue from foreign exchange gain or loss is recognised at the point of execution of such transactions upon authorisations received from the client.

Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the income statement on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Interest income

Interest income is recognised in the income statement using the effective interest method.

Tangible fixed assets

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

Computer equipment - 25% on cost

Notes to the Financial Statements - continued
for the Year Ended 31st March 2023

2. ACCOUNTING POLICIES - continued

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less impairment.

Subsidiary undertakings, taken together, that are not material for the purpose of giving a true and fair view of the company's assets, liabilities, financial position and profit or loss are excluded from consolidation.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Notes to the Financial Statements - continued
for the Year Ended 31st March 2023

2. ACCOUNTING POLICIES - continued

Research and development

In the research phase of an internal project, it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred.

Intangible assets are recognised from the development phase of a project if and only if all of the following criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives. Expenditure that does not meet the above criteria is expensed as incurred.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Finance costs

Finance costs are charged to the income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Borrowing costs

All borrowing costs are recognised in the income statement in the year in which they are incurred.

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2023**

2. ACCOUNTING POLICIES - continued

Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the income statement in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. EMPLOYEES AND DIRECTORS

	31.3.23	31.3.22
	£	£
Wages and salaries	931,152	744,905
Social security costs	51,284	62,665
	<u>982,436</u>	<u>807,570</u>

The average number of employees during the year was as follows:

	31.3.23	31.3.22
Risk, Administration & AML	17	15
Sales and operations	6	6
IT	2	2
Management	3	3
	<u>28</u>	<u>26</u>
	31.3.23	31.3.22
	£	£
Directors' remuneration	<u>107,422</u>	<u>99,070</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	31.3.23	31.3.22
	£	£
Depreciation - owned assets	16,504	18,091
Auditors' remuneration	14,000	14,000
Foreign exchange gain/loss	<u>7,897,422</u>	<u>7,121,200</u>

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2023**

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.3.23	31.3.22
	£	£
Other interest receivable	<u>55,331</u>	<u>3,166</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.3.23	31.3.22
	£	£
Other interest payable	<u>146</u>	<u>-</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.3.23	31.3.22
	£	£
Current tax:		
UK corporation tax	1,153,722	849,584
Deferred tax	(685)	1,050
Tax on profit	<u>1,153,037</u>	<u>850,634</u>

UK corporation tax was charged at 19%) in 2022.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.23	31.3.22
	£	£
Profit before tax	<u>7,522,540</u>	<u>4,483,582</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	1,429,283	851,881
Effects of:		
Expenses not deductible for tax purposes	3,136	3,437
Capital allowances in excess of depreciation	(1,424)	(5,734)
Adjustments to tax charge in respect of previous periods	(277,273)	-
Deferred tax	(685)	1,050
Total tax charge	<u>1,153,037</u>	<u>850,634</u>

Factors that may affect future tax charges

The main rate of corporation tax will increase to 25% for the financial year beginning 1 April 2023.

8. DIVIDENDS

	31.3.23	31.3.22
	£	£
A Ordinary shares of £1 each		
Interim	<u>2,000,000</u>	<u>-</u>

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2023**

9. TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
At 1st April 2022	104,193
Additions	4,672
At 31st March 2023	<u>108,865</u>
DEPRECIATION	
At 1st April 2022	64,339
Charge for year	16,504
At 31st March 2023	<u>80,843</u>
NET BOOK VALUE	
At 31st March 2023	<u>28,022</u>
At 31st March 2022	<u>39,854</u>

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
Additions	176,134
At 31st March 2023	<u>176,134</u>
NET BOOK VALUE	
At 31st March 2023	<u>176,134</u>

Fixed asset investments represents 100% investment in the issued share capital of Connectum GMBH, a German based subsidiary. The subsidiary has not traded during the year.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23 £	31.3.22 £
Other debtors	3,237,318	3,137,488
Prepayments and accrued income	<u>26,794</u>	<u>429,798</u>
	<u>3,264,112</u>	<u>3,567,286</u>

**Notes to the Financial Statements - continued
for the Year Ended 31st March 2023**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23	31.3.22
	£	£
Trade creditors	895,289	769,697
Tax	918,196	14,374
Social security and other taxes	2,933	8,109
VAT	202,177	35,580
Other creditors	58,970	35,679
Accrued expenses	2,014,000	28,000
	<u>4,091,565</u>	<u>891,439</u>

13. PROVISIONS FOR LIABILITIES

	31.3.23	31.3.22
	£	£
Deferred tax	<u>5,387</u>	<u>6,072</u>
	Deferred tax	Other provisions
	£	£
Balance at 1st April 2022	6,072	673
Credit to Income Statement during year	(685)	(673)
Balance at 31st March 2023	<u>5,387</u>	<u>-</u>

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.23	31.3.22
			£	£
300,000	A Ordinary	£1	<u>300,000</u>	<u>300,000</u>

15. RESERVES

	Retained earnings
	£
At 1st April 2022	6,776,431
Profit for the year	6,369,503
Dividends	(2,000,000)
At 31st March 2023	<u>11,145,934</u>

The company's capital and reserves are as follows:

Called up share capital - This represents the nominal value of shares that have been issued.

Profit and loss account - This reserve records retained earnings and accumulated profits, net of dividends paid and other adjustments..

Notes to the Financial Statements - continued
for the Year Ended 31st March 2023

16. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

17. ULTIMATE CONTROLLING PARTY

The company is controlled by Mrs S Heng by virtue of her holding in the entire share capital of the company.

18. CLIENT FUNDS

At the reporting date the Company held client funds amounting to £13,961,706 (2022: £45,232,988) which equals the cash and other accounting balances held on behalf of these clients. These amounts are segregated and since they are not beneficially owned by the Company, they have not been recognised in the financial statements.

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