Company registration number 09034828 (England and Wales)

# WEALTHIFY LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2022

# WEALTHIFY LIMITED

## COMPANY INFORMATION

| | | |
|---|---|---|
| **Directors** | Mrs M A Pearce-Burke | |
| | Mr. M Ashford | |
| | Mr. B M Luckett | |
| | Mr C M Wood | |
| | Mr A C Russell | |
| | Mr. A Bhargava | |
| | Mrs A M E Kosagowsky | (Appointed 20 October 2022) |
| **Company number** | 09034828 | |
| **Registered office** | Tec Marina<br>Terra Nova Way<br>Penarth<br>South Glamorgan<br>United Kingdom<br>CF64 1SA | |
| **Auditor** | Azets Audit Services<br>Ty Derw<br>Lime Tree Court<br>Cardiff Gate Business Park<br>Cardiff<br>CF23 8AB | |

# WEALTHIFY LIMITED

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# WEALTHIFY LIMITED

## STRATEGIC REPORT

### *FOR THE YEAR ENDED 31 DECEMBER 2022*

The directors present the strategic report for the year ended 31 December 2022.

**Principal Activities**

Wealthify Limited is a financial services company with permission to provide full discretionary investment management and execution services (FCA no. 662530). The Company is a subsidiary of Wealthify Group Limited, which is a fully owned subsidiary of the Aviva Group Holdings ("the Parent Company").

Wealthify Limited has a simple mission, which is to make investing accessible to everyone. Wealthify Limited have combined financial know-how and tech expertise to create a platform that makes investing more affordable for those who may not be stock market experts. We make investing simple for people, proving a solution in a way that suits them, with low fees and low minimum investment.

**Fair review of the business**

In 2022 the business continued to grow, with key success in increasing the active customers on the platform. This translated to an increase in revenue of c50% versus the prior year, this is pleasing when considered against a backdrop of a challenging global market. The business has also continued to invest in capability, which has seen the headcount increase by 35 FTE in the year. We have had success in increasing our ability to "get to market" with a material increase in distribution partners that will positively impact the business over the coming years.

**Principal risks and uncertainties**

The Company's revenue is directly correlated with the level of customer assets held on the platform, so a drop in this metric would be a key risk. By design, Wealthify has a very diversified customer base, which offers protection to revenue and assets under management ("AUM"), should some customers choose to withdraw their AUM. We also look to increase financial education to customers to ensure that they are informed when making any decision about their assets.

Non-compliance with FCA regulations is a key risk for the business as it could lead to a fine or removal of the permission to trade. This is managed through regular review and monitoring of the Company's compliance framework by management and engagement with and periodic reporting to the ultimate parent company.

The business is fully digital, and as such is reliant on its IT systems. The risk of IT failure is mitigated by using up to date cloud infrastructure and significant investment in security technology.

Even as part of the Aviva Group, management retains a strong focus on reviewing the Company's capital and liquidity requirements. This is done through active budget forecasting and monitoring to keep the Wealthify Group shareholders appraised of any future capital needs. As part of this process, the Parent Company has provided additional financing to the company during the year as part of the agreed long term plan.

**Key performance indicators**

The Company focuses on key performance indicators that allow management to measure the investments made and the economies of scale resulting from previous year's investments. These KPIs are primarily revenue, active customer count, profit/loss and the capital reserves.

The Company showed strong fee growth in 2022, revenue for the year was £2.4m (2021; £1.6m) which is an uplift of c50%. The customer count increased by 51% across the year, which was supported by material investment in marketing.

The loss after tax for the year of £11.0m (2021;£10.6m), was as per the expectation of management and the parent and is aligned with the agreed growth plan.

As of 31 December 2022, the Company had net assets of £4.2m (2021; £3.3m) which is deemed to be healthy when compared with the capital requirements of the business.

This overall performance is in line with expectation and with the strategy to grow materially in the UK market.

On behalf of the board

Mr A C Russell
**Director**

3 April 2023

# WEALTHIFY LIMITED

## DIRECTORS' REPORT

### *FOR THE YEAR ENDED 31 DECEMBER 2022*

The directors present their annual report and financial statements for the year ended 31 December 2022.

**Results and dividends**
The results for the year are set out on page 8.

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:

| | |
|---|---|
| Mrs M A Pearce-Burke | |
| Mr. M Ashford | |
| Mr. B M Luckett | |
| Mr C M Wood | |
| Mr A C Russell | |
| Mr. A Bhargava | |
| Ms. C Toner | (Resigned 20 October 2022) |
| Mrs A M E Kosagowsky | (Appointed 20 October 2022) |

**Auditor**
In accordance with the company's articles, a resolution proposing that Azets be reappointed as auditor of the company will be put at a General Meeting.

**Statement of disclosure to auditor**
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr A C Russell
**Director**

3 April 2023

## DIRECTORS' RESPONSIBILITIES STATEMENT

### *FOR THE YEAR ENDED 31 DECEMBER 2022*

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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.

## INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBER OF WEALTHIFY LIMITED

**Opinion**

We have audited the financial statements of Wealthify Limited (the 'company') for the year ended 31 December 2022 which comprise the income statement, the statement of comprehensive income, the statement of financial position, 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 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 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; 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 *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.

**Emphasis of matter**

We draw attention to note 1.2 of the financial statements, which describes the company's ability to continue as a going concern. The audit report has not been modified in respect of this matter.

**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.

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**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 directors' report. We have nothing to report in respect of the following matters in relation to which 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 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud. we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. 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.

**Use of our report**
This report is made solely to the company's member 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 member those matters we are required to state to the member in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

**Craig Yearsley FCCA (Senior Statutory Auditor)**
**For and on behalf of Azets Audit Services**

4 April 2023

**Chartered Accountants**
**Statutory Auditor**

Ty Derw
Cardiff Gate Business Park
Cardiff
CF23 8AB

## WEALTHIFY LIMITED

### INCOME STATEMENT

***FOR THE YEAR ENDED 31 DECEMBER 2022***

| | Notes | 2022<br>£ | 2021<br>£ |
|---|---|---|---|
| **Revenue** | 3 | 2,430,734 | 1,615,707 |
| Cost of sales | | (6,131,771) | (4,574,725) |
| **Gross loss** | | (3,701,037) | (2,959,018) |
| Administrative expenses | | (9,610,228) | (7,541,042) |
| **Operating loss** | 4 | (13,311,265) | (10,500,060) |
| Interest income | 7 | 143,626 | 1,860 |
| Finance costs | 8 | (180,000) | (180,000) |
| **Loss before taxation** | | (13,347,639) | (10,678,200) |
| Tax on loss | 9 | 2,302,152 | 28,768 |
| **Loss for the financial year** | | (11,045,487) | (10,649,432) |

The income statement has been prepared on the basis that all operations are continuing operations.

## WEALTHIFY LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 DECEMBER 2022*

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| **Loss for the year** | (11,045,487) | (10,649,432) |
| **Other comprehensive income** | - | - |
| **Total comprehensive income for the year** | (11,045,487) | (10,649,432) |

## WEALTHIFY LIMITED

### STATEMENT OF FINANCIAL POSITION

***AS AT 31 DECEMBER 2022***

| | Notes | 2022 £ | 2022 £ | 2021 £ | 2021 £ |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Intangible assets | **10** | | 23,264 | | 96,742 |
| Property, plant and equipment | **11** | | 133,697 | | 93,627 |
| | | | 156,961 | | 190,369 |
| **Current assets** | | | | | |
| Trade and other receivables | **12** | 1,002,028 | | 1,120,678 | |
| Cash and cash equivalents | | 9,565,641 | | 6,169,112 | |
| | | 10,567,669 | | 7,289,790 | |
| **Current liabilities** | **13** | (5,493,536) | | (3,872,672) | |
| **Net current assets** | | | 5,074,133 | | 3,417,118 |
| **Total assets less current liabilities** | | | 5,231,094 | | 3,607,487 |
| **Non-current liabilities** | | | | | |
| Other payables | **14** | | (2,843,779) | | (2,074,685) |
| **Net assets** | | | 2,387,315 | | 1,532,802 |
| **Equity** | | | | | |
| Called up share capital | **16** | | 23,900,008 | | 12,000,008 |
| Share premium account | | | 17,483,025 | | 17,483,025 |
| Retained earnings | | | (38,995,718) | | (27,950,231) |
| **Total equity** | | | 2,387,315 | | 1,532,802 |

The financial statements were approved by the board of directors and authorised for issue on 3 April 2023 and are signed on its behalf by:

Mr A C Russell
**Director**

**Company Registration No. 09034828**

# WEALTHIFY LIMITED

## STATEMENT OF CHANGES IN EQUITY

### *FOR THE YEAR ENDED 31 DECEMBER 2022*

| | Notes | Share capital | Share premium account | Retained earnings | Total |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **Balance at 1 January 2021** | | 2,000,008 | 17,483,025 | (17,300,799) | 2,182,234 |
| **Year ended 31 December 2021:** | | | | | |
| Loss and total comprehensive income for the year | | - | - | (10,649,432) | (10,649,432) |
| Issue of share capital | **16** | 10,000,000 | - | - | 10,000,000 |
| **Balance at 31 December 2021** | | 12,000,008 | 17,483,025 | (27,950,231) | 1,532,802 |
| **Year ended 31 December 2022:** | | | | | |
| Loss and total comprehensive income for the year | | - | - | (11,045,487) | (11,045,487) |
| Issue of share capital | **16** | 11,900,000 | - | - | 11,900,000 |
| **Balance at 31 December 2022** | | 23,900,008 | 17,483,025 | (38,995,718) | 2,387,315 |

### 1 Accounting policies

**Company information**

Wealthify Limited is a private company limited by shares incorporated in England and Wales. The registered office is Tec Marina, Terra Nova Way, Penarth, South Glamorgan, United Kingdom, CF64 1SA.

### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("**FRS** 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. 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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Wealthify Group Limited. These consolidated financial statements are available from its registered office, Tec Marina Terra Nova Way, Penarth, Cardiff, Wales, CF64 1SA.

### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The company has generated £11.0m of losses and has cash remaining of £9.6m at the year end. With losses continuing to be generated post year end, the company is reliant upon the continued support from its ultimate parent company Aviva Group Holdings. Post year end, additional funding to support Wealthify Limited has been agreed and is provided via a capital injection from its ultimate parent.

At the date of signing the financial statements, updated forecasts and working capital projections have been prepared which account for current trading conditions showing the company having sufficient headroom to meet its liabilities as and when they fall due for a period of 12 months from the date of signing. On this basis, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and continue to adopt the going concern basis of accounting in preparing the financial statements.

**1 Accounting policies** **(Continued)**

**1.3 Revenue**

Revenue is recognised at the fair value of the consideration received or receivable services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue is recognised when professional services are rendered on contracts with customers for management of investment assets. Fees are calculated based on a tiered scale of the market value of assets under management at month-end. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that is probable to be recovered.

**1.4 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

| | |
|---|---|
| Software | 33.3% Straight Line |
| Development Costs | 33.3% Straight Line |

**1.5 Property, plant and equipment**

Property, plant 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:

| | |
|---|---|
| Fixtures, fittings & equipment | 25% Straight Line |
| Computer equipment | 25% Straight Line |

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 credited or charged to profit or loss.

**1.6 Impairment of non-current assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**1 Accounting policies** **(Continued)**

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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.

**1.7 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and 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.

**1.8 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

***Basic financial assets***

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**1 Accounting policies** **(Continued)**

***Impairment of financial assets***
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

***Derecognition of financial assets***
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

***Classification of financial liabilities***
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.

***Basic financial liabilities***
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Other financial liabilities***
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

**1 Accounting policies** **(Continued)**

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

**1.9 Equity instruments**

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

**1.10 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 company'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 liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing 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 company 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.

**1.11 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 stock 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 company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.13 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

**1 Accounting policies** **(Continued)**

**1.14 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

## 2 Judgements and key sources of estimation uncertainty

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

## 3 Revenue

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| **Revenue analysed by class of business** | | |
| Fee income | 2,430,733 | 1,615,707 |

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| **Other revenue** | | |
| Interest income | 143,626 | 1,860 |

Revenue is all generated within the UK.

## 4 Operating loss

| | 2022 | 2021 |
|---|---|---|
| Operating loss for the year is stated after charging: | £ | £ |
| Exchange losses | 6,595 | 1,581 |
| Fees payable to the company's auditor for the audit of the company's financial statements | 9,000 | 5,000 |
| Depreciation of owned property, plant and equipment | 40,618 | 29,874 |
| Amortisation of intangible assets | 73,478 | 76,617 |
| Operating lease charges | 146,523 | 187,604 |

## 5 Employees

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

| | 2022 Number | 2021 Number |
|---|---|---|
| | 90 | 65 |

Their aggregate remuneration comprised:

| | 2022 £ | 2021 £ |
|---|---|---|
| Wages and salaries | 4,179,308 | 3,974,131 |
| Social security costs | 473,757 | 329,558 |
| Pension costs | 299,181 | 76,259 |
| | 4,952,246 | 4,379,948 |

## 6 Directors' remuneration

| | 2022 £ | 2021 £ |
|---|---|---|
| Remuneration for qualifying services | 278,224 | 283,647 |
| Company pension contributions to defined contribution schemes | 9,818 | 5,190 |
| | 288,042 | 288,837 |

The number of directors for whom remuneration is paid for qualifying services amounted to 3 (2021 - 2).

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

## 7 Interest income

| | 2022 £ | 2021 £ |
|---|---|---|
| Interest on bank deposits | 143,626 | 1,860 |

## 8 Finance costs

| | 2022 £ | 2021 £ |
|---|---|---|
| Other interest on financial liabilities | 180,000 | 180,000 |

### 9 Taxation

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| **Current tax** | | |
| UK corporation tax on profits for the current period | (2,302,152) | (28,768) |

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Loss before taxation | (13,347,639) | (10,678,200) |
| Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | (2,536,051) | (2,028,858) |
| Tax effect of expenses that are not deductible in determining taxable profit | 2,107 | 36 |
| Unutilised tax losses carried forward | 4,262,529 | 2,033,086 |
| Adjustments in respect of prior years | - | (28,768) |
| Effect of change in corporation tax rate | (1,724,002) | - |
| Group relief | (2,302,152) | - |
| Superdeduction | (4,583) | (4,264) |
| Taxation credit for the year | (2,302,152) | (28,768) |

### 10 Intangible fixed assets

| | Software | Development Costs | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 January 2022 and 31 December 2022 | 220,436 | 23,779 | 244,215 |
| **Amortisation and impairment** | | | |
| At 1 January 2022 | 123,694 | 23,779 | 147,473 |
| Amortisation charged for the year | 73,478 | - | 73,478 |
| At 31 December 2022 | 197,172 | 23,779 | 220,951 |
| **Carrying amount** | | | |
| At 31 December 2022 | 23,264 | - | 23,264 |
| At 31 December 2021 | 96,742 | - | 96,742 |

## 11 Property, plant and equipment

| | Fixtures, fittings & equipment | Computer equipment | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 January 2022 | 24,320 | 131,499 | 155,819 |
| Additions | 217 | 80,471 | 80,688 |
| At 31 December 2022 | 24,537 | 211,970 | 236,507 |
| **Depreciation and impairment** | | | |
| At 1 January 2022 | 19,190 | 43,002 | 62,192 |
| Depreciation charged in the year | 3,041 | 37,577 | 40,618 |
| At 31 December 2022 | 22,231 | 80,579 | 102,810 |
| **Carrying amount** | | | |
| At 31 December 2022 | 2,306 | 131,391 | 133,697 |
| At 31 December 2021 | 5,130 | 88,497 | 93,627 |

## 12 Trade and other receivables

| | 2022 | 2021 |
|---|---|---|
| **Amounts falling due within one year:** | £ | £ |
| Trade receivables | 252,778 | 417,428 |
| Amounts owed by group undertakings | 370,407 | 370,407 |
| Other receivables | 138,128 | 160,722 |
| Prepayments and accrued income | 240,715 | 172,121 |
| | 1,002,028 | 1,120,678 |

## 13 Current liabilities

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Trade payables | 340,053 | 368,992 |
| Taxation and social security | 136,693 | 104,327 |
| Other payables | 461 | 2,462 |
| Accruals and deferred income | 5,016,329 | 3,396,891 |
| | 5,493,536 | 3,872,672 |

## 14 Non-current liabilities

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Other payables | 2,254,685 | 2,074,685 |
| Accruals and deferred income | 589,094 | - |
| | 2,843,779 | 2,074,685 |

The balance within other payables relates to a subordinated loan from the Company's ultimate parent, Aviva Group Holdings Limited. On 22 June 2020, Aviva Group Holdings Limited provided a subordinated loan of £1.8 million to the Company. This loan accrues interest at a fixed rate of 10% per annum with settlement to be paid at maturity in June 2025.

## 15 Retirement benefit schemes

| | 2022 | 2021 |
|---|---|---|
| **Defined contribution schemes** | £ | £ |
| Charge to profit or loss in respect of defined contribution schemes | 299,181 | 76,259 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

## 16 Share capital

| | 2022 | 2021 | 2022 | 2021 |
|---|---|---|---|---|
| **Ordinary share capital** | Number | Number | £ | £ |
| **Issued and fully paid** | | | | |
| Ordinary shares of £1 each | 23,900,008 | 12,000,008 | 23,900,008 | 12,000,008 |

On 31 January 2022, 11,900,000 ordinary shares were allotted for £1 per share.

## 17 Operating lease commitments

**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Within one year | 157,247 | 164,812 |
| Between two and five years | 146,416 | 8,859 |
| | 303,663 | 173,671 |

## 18 Related party transactions

**Transactions with related parties**

During the year the company entered into the following transactions with related parties:

| | Interest on loans | |
|---|---|---|
| | **2022** | **2021** |
| | **£** | **£** |
| Entities with control, joint control or significant influence over the company | 180,000 | 180,000 |

The following amounts were outstanding at the reporting end date:

| | 2022 | 2021 |
|---|---|---|
| **Amounts due to related parties** | **£** | **£** |
| Entities with control, joint control or significant influence over the company | 2,254,685 | 2,074,685 |

The following amounts were outstanding at the reporting end date:

| | 2022 | 2021 |
|---|---|---|
| **Amounts due from related parties** | **£** | **£** |
| Entities with control, joint control or significant influence over the company | 370,407 | 370,407 |

## 19 Ultimate controlling party

The ultimate controlling party is considered to be Aviva Group Holdings Limited by virtue of its shareholding in Wealthify Group Limited, the parent company of Wealthify Limited.