Registered number: 09403742

Dipocket Limited

Annual report and financial statements

For the Year Ended 31 December 2022

Dipocket Limited

Company Information

Director	Fedele Di Maggio
Registered number	09403742
Registered office	Suite 532 Metal Box Factory Great Guildford Street London England SE1 0HS
Independent auditors	Kreston Reeves LLP Chartered Accountants & Statutory Auditor 2nd Floor 168 Shoreditch High Street London E1 6RA

Dipocket Limited

Contents

Strategic Report
For the Year Ended 31 December 2022

Introduction

2022 was a momentous year for DiPocket Group. Revenues doubled year on year and their quality improved as payments volumes from business clients grew sixfold. We started a pervasive reorganization with focus on revenue generation and scalability.

On the products front, we narrowed capabilities gaps – namely in interbank transfers, risk monitoring and implementing MoneySend, meanwhile our Service Lines evolved towards standardization – key for scalability.

We also completed a major Group reorganization, which resulted in DiPocket UAB (formerly 100% owned by DiPocket Limited) fully owning DiPocket Limited, aligning our Group structure with our business and laying the grounds for further developments, also vis a vis the Regulators.

As the cost base grew significantly, particularly on the HR front, in line with our long-standing strategy to become a leading provider of embedded payment solutions, cash burn remains high but P&L predictability increased and -with scale – margins are set to improve.

Business review and key performance indicators

Operationally, the theme of 2022 was professionalization – challenging everything from IT systems, to service providers, to organization, to preparing for scale up, with a multi-pronged focused on Client service, resilience, risk and compliance.

In terms of financials, revenues of DiPocket Group increased from EUR 1,203,279 to EUR 2,461,126. On a standalone basis, DiPocket Limited revenues grew from £800,595 to £1,205,072. Total losses amounted to £3,214,954 (2021 - £2,198,406).

Business volume growth of DiPocket Limited was substantial, with card transaction amount increasing from £3 thousand in 2021 to £ 13.9 mln in 2022.

Covid 19 Impact

The trailing impact of Covid 19 has been limited to the shift to a hybrid home-office work mode. To be noted that we substantially upgraded all our office locations to provide the most pleasant work settings to our teams.

Access to capital

Our anchor investor since 2020, GB & Partners (https://gbpim.com/en/), continued to back DiPocket Group development, increasing total investment in DiPocket Group to EUR 11 mln. We expect this measured funds injections to continue through 2023, by the end of which DiPocket Group shall become substantially self-funding.

Principal risks and uncertainties

DiPocket Group risk profile continued to improve throughout 2022 and, having addressed pressing risks in 2021, the focus shifted towards creating a Groupwide risk management culture and risk awareness. Governance has been and remains an area of focus.

Needless to say, payments is a high risk business – from fraud, to money laundering, to exposure to cyber-attacks, to resilience. Our systems and professional resources make us increasingly confident we are well equipped to understand, contain and address risk.

Looking Forward

We expect DiPocket Group to continue the development and growth trends experienced in 2022.
Revenues are poised for continued growth on the back of several large Accounts and a strong new Client pipeline. We expect the organizational changes implemented in Q3-Q4 2022 to come to full fruition in H1 and support revenue generation with faster Client project delivery and improved Client care.

The recent and forthcoming additions to the Group's IT team will show traction in the second part of the year, ensuring our technical performance is fully aligned with the highest industry standards. With that, our payments infrastructure will be further enriched, enabling us to serve a broader range of use cases.

Efficiency will improve for a combination of economies of scale, cost rationalization and reduction of extraordinary expenses.

As to DiPocket Limited in particular, the priority for 2023 remains to support EEA Clients with the payment services needs of their UK operations. We will however start targeting UK Clients directly as, while the market is crowded, we are confident our offer is highly competitive.

Directors' statement of compliance with duty to promote the success of the Company

This statement is intended by the Board of Directors to set out how they have approached and met their responsibilities under s172(1)(a) to (f) of the Companies Act 2006 in the financial period ending 31 December 2022.

Stakeholders of the Company include employees, shareholders, customers, suppliers, creditors of the business and the community in which it operates.

The directors, both individually and collectively, consider that they have acted in good faith to promote the success of the Company for the benefit of its stakeholders as a whole (having regard to the matters set out in s172 of the Act) in the decisions taken during the period. In particular, directors embraced and acted by the following principles:

To ensure the Board take account of the likely consequences of their decisions in the long term, they receive regular and timely information on all the key areas of the business including financial performance, operational matters, health & safety, environmental reports, risks and opportunities, all supported by KPIs. The Company's performance and progress is also reviewed regularly at Board and senior management meetings.

The Company's employees are fundamental to the success of the business. The directors understand that it is critical to engage with and understand their views and to ensure that all employees' interests are considered. To strengthen employee engagement, the directors' promote and encourage all employees to raise any concerns or suggestions with senior management without hesitation. During the period, the Company continued to invest in its departmental resources and technology infrastructure to further support and enhance the working environment for its employees.

The Company's customers and suppliers are also fundamental to the success of the business and as an ambitious new player in the European B2B fintech space, it is essential that the Company maintains its reputation for high quality services and and high standards of business conduct. The Company strives to continually improve and strengthen its network of business partners, supply chain, products and customer service for the mutual benefit of all of its stakeholders.

The directors take environmental matters into consideration as part of their decision making process and aim to be a responsible member of the local and wider community, minimising the Company's impact on the environment wherever possible.

The directors' intentions are to behave responsibly toward all stakeholders and treat them fairly and equally, so that they all benefit from the long- term success of the Company.

This report was approved by the board and signed on its behalf.

Fedele Di Maggio
Director
Date: 17 April, 2023

Directors' Report
For the Year Ended 31 December 2022

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

Principal activity

The principal activity of the Company was the provision of e-money services and associated technology.

Results and dividends

The loss for the year, after taxation, amounted to £3,214,954 (2022 - loss £2,198,406).

Directors

The directors who served during the year were:

Fedele Di Maggio
Pavlo Pokhylchenko (resigned 1 December 2022)
Péter Gábor Burchner (resigned 1 December 2022)
Gabor Kiraly (resigned 1 December 2022)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Matters covered in the Strategic Report

Items required under Schedule 7 to be disclosed in the directors' report are set out in the strategic report in accordance with s.414C(11), Companies Act 2006.

Directors' Report (continued)
For the Year Ended 31 December 2022

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 April, 2023 and signed on its behalf.

Fedele Di Maggio
Director

Independent auditors' report to the members of Dipocket Limited

Opinion

We have audited the financial statements of Dipocket Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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 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 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 United Kingdom, including the Financial Reporting Council'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.

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 Auditors' 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.

Independent auditors' report to the members of Dipocket Limited (continued)

Opinion 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 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 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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

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 an Auditors' 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.

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:

Independent auditors' report to the members of Dipocket Limited (continued)

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to E-money regulation and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and taxation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance 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 posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investments and intangible assets. Audit procedures performed by the group engagement team and component auditors included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation;
- We have reviewed the entity's regulatory compliance regarding e-money requirements under the FCA, this included a review of key correspondence with the FCA during the year, a review of compliance reports submitted in the year and consideration of the entity's ability to meet its capital adequacy requirements under the e-money rules.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment 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 purpose of expressing an opinion of 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.
- 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 Auditors' 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 Auditors' 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.

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

Kreston Reeves LLP

Anne Dwyer BSc(Hons) FCA (Senior statutory auditor)
for and on behalf of
Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
London
Date: 17 April 2023

Dipocket Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	**1,205,072**	800,595
Cost of sales		**(1,271,366)**	(896,541)
Gross loss		**(66,294)**	(95,946)
Administrative expenses		**(2,494,764)**	(2,111,134)
Other operating expenses	5	**(654,075)**	-
Operating loss	6	**(3,215,133)**	(2,207,080)
Interest receivable and similar income	9	**1,259**	11,132
Interest payable and similar expenses	10	**(1,080)**	(2,458)
Loss before taxation		**(3,214,954)**	(2,198,406)
Loss for the financial year		**(3,214,954)**	(2,198,406)

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 14 to 26 form part of these financial statements.

Dipocket Limited
Registered number: 09403742

Balance Sheet
As at 31 December 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	12		**1,725,347**		1,225,050
Tangible assets	13		**30,215**		28,656
Investments	14		**8,458**		2,216,014
			1,764,020		3,469,720
Current assets					
Stocks	15	**25,861**		16,126	
Debtors: amounts falling due within one year	16	**571,728**		414,188	
Cash at bank and in hand	17	**1,551,408**		818,878	
		2,148,997		1,249,192	
Creditors: amounts falling due within one year	18	**(1,697,724)**		(267,335)	
Net current assets			**451,273**		981,857
Total assets less current liabilities			**2,215,293**		4,451,577
Net assets			**2,215,293**		4,451,577
Capital and reserves					
Called up share capital	19		**284,583**		261,555
Share premium account	20		**10,591,665**		9,636,023
Profit and loss account	20		**(8,660,955)**		(5,446,001)
			2,215,293		4,451,577

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 April, 2023

Fedele Di Maggio
Director

The notes on pages 14 to 26 form part of these financial statements.

Dipocket Limited

Statement of Changes in Equity
For the Year Ended 31 December 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	221,584	7,977,219	(3,247,595)	4,951,208
Comprehensive income for the year				
Loss for the year	-	-	(2,198,406)	(2,198,406)
Shares issued during the year	39,971	1,658,804	-	1,698,775
At 1 January 2022	261,555	9,636,023	(5,446,001)	4,451,577
Loss for the year	-	-	(3,214,954)	(3,214,954)
Shares issued during the year	23,028	955,642	-	978,670
At 31 December 2022	284,583	10,591,665	(8,660,955)	2,215,293

The notes on pages 14 to 26 form part of these financial statements.

Statement of Cash Flows
For the Year Ended 31 December 2022

	2022	2021
	£	£
Cash flows from operating activities		
Loss for the financial year	**(3,214,954)**	(2,198,406)
Adjustments for:		
Amortisation of intangible assets	**452,775**	314,496
Depreciation of tangible assets	**17,874**	10,892
Loss on disposal of intangible assets	**(919)**	-
Loss on disposal of tangible assets	**243**	-
Loss on disposal of investments	**654,075**	-
Interest paid	**1,080**	2,457
Interest received	**(1,259)**	(11,132)
(Increase) in stocks	**(9,735)**	(2,894)
(Increase)/decrease in debtors	**(87,215)**	1,494,670
(Increase)/decrease in amounts owed by groups	**(70,325)**	15,504
Increase/(decrease) in creditors	**1,418,419**	(4,736,039)
Increase in amounts owed to groups	**11,970**	5,862
Net cash generated from operating activities	**(827,971)**	(5,104,590)
Cash flows from investing activities		
Purchase of intangible fixed assets	**(958,188)**	(879,703)
Sale of intangible assets	**6,035**	20,233
Purchase of tangible fixed assets	**(19,676)**	(25,805)
Purchase of fixed asset investments	**(159,420)**	(1,651,175)
Sale of fixed asset investments	**1,712,901**	-
Interest received	**1,259**	11,132
Net cash from investing activities	**582,911**	(2,525,318)
Cash flows from financing activities		
Issue of ordinary shares	**978,670**	1,698,775
Interest paid	**(1,080)**	(2,458)
Net cash used in financing activities	**977,590**	1,696,317
Net increase/(decrease) in cash and cash equivalents	**732,530**	(5,933,591)
Cash and cash equivalents at beginning of year	**818,878**	6,752,469
Cash and cash equivalents at the end of year	**1,551,408**	818,878
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,551,408**	818,878
	1,551,408	818,878

The notes on pages 14 to 26 form part of these financial statements.

Dipocket Limited

Analysis of Net Debt
For the Year Ended 31 December 2022

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand - company funds	**815,194**	**(587,890)**	**227,304**
Cash at bank and in hand - customer funds	**3,684**	**1,320,420**	**1,324,104**
	818,878	**732,530**	**1,551,408**

The notes on pages 14 to 26 form part of these financial statements.

1. General information

DiPocket Limited (the Company) is a private limited company incorporated and domiciled in England & Wales. The address of its registered office and principal place of business is Suite 532, Metal Box Factory, Great Guildford Street, London, SE1 0HS. The company's principal activity can be found in the Directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.3 Going concern

The financial statements have been prepared on a going concern basis. As at 31 December 2022, whilst the company made a loss of £3,214,954 (2021: loss £2,198,406), it has a net current asset position of £451,273 (2021: £981,857), and a net asset position of £2,215,293 (2021: £4,451,577), due to the funds raised in the course of 2021 & 2022 through the issue of share capital in order to support further growth of the business. Furthermore, the cash balance of £1,551,408 as at 31 December 2022 (2021: £818,878) (amount excluding client assets £227,304 (2021: £815,194) means that the group will, based on cashflow forecasts and including a planned capital injection in line with the amounts raised in 2022, have sufficient cash to meet the group's liabilities as they fall due for a period of at least 12 months from approval of the financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as

2. Accounting policies (continued)

2.4 Foreign currency translation (continued)

qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue

Revenue 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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The Company recognises the revenue in relation to cards ordered by B2B when the cards are delivered to their card bureau, this is on the basis that the sale is complete as no delivery risk is borne (and the cards are already fully paid and non-refundable).

2.6 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 certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

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.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss 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.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.10 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	5	Years
Development expenditure	-	3	Years

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Office equipment	-	3 Years
Computer equipment	-	3 Years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2. Accounting policies (continued)

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.17 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Financial instruments

The Company only enters into basic financial instrument 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 ordinary shares.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The management makes estimates and assumptions concerning the future. The resulting accounting will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below:

Capitalisation of development costs (Note 12)

Development costs mainly consist of the implementation and set up costs required for DiPocket Limited to deliver its core services (for example card transactions and converting between currencies). These are likely to be in place for some time, and have been capitalised accordingly. The company has capitalised development costs with a carrying value of £220,719 (2021: £166,183) at the reporting date.

Amortisation policy for computer software (Note 12)

Computer software is DiPocket Limited's core application and as such will likely remain in use indefinitely, potentially being updated with additional code. In preparing the financial statements, the directors have prudently assumed that the software's usable life will be limited to 5 years. The company has computer software with a carrying value of £1,504,628 (2021: £1,058,867) at the reporting date.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Maintenance fees	**989,421**	609,491
Implementation, card and account usage fees	**180,252**	183,848
Intercompany - Management Services	**35,399**	7,256
	1,205,072	800,595

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	**1,025,815**	721,693
Rest of Europe	**179,257**	78,902
	1,205,072	800,595

5. Other operating income

	2022 £	2021 £
Profit on disposal of fixed asset investments	**(654,075)**	-
	(654,075)	-

Notes to the Financial Statements
For the Year Ended 31 December 2022

6. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Exchange differences	**(27,669)**	147,275
Depreciation of tangible fixed assets	**17,874**	10,892
Amortisation of intangible assets	**452,775**	314,496

7. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	**11,450**	10,800

All non-audit services total £26,915 (2021 - £15,616).

8. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Administrative	**6**	2
Directors	**4**	5
	10	7

9. Interest receivable

	2022 £	2021 £
Other interest receivable	**1,259**	11,132
	1,259	11,132

10. Interest payable and similar expenses

	2022 £	2021 £
Other loan interest payable	191	2,458
Loans from group undertakings	889	-
	1,080	2,458

11. Taxation

	2022 £	2021 £
Total current tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	(3,214,321)	(2,198,406)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 -19%)	(610,721)	(417,697)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	2,900	390
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	11,297	22,681
Capital allowances for year in excess of depreciation	(1,636)	(3,559)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(239)	(2,115)
Non-taxable income	124,274	-
Adjustment for pension contribution	30	-
Unrelieved tax losses carried forward	474,095	400,300
Total tax charge for the year	-	-

Factors that may affect future tax charges

There are tax losses of £6,457,600 (2021: £3,963,622) to be caried forward for set off against corresponding trading profits of subsequent accounting periods.

On 10 June 2021, Finance Bill 2021 was substantively enacted, increasing the rate of corporation tax that will apply for financial year 2023 onwards to 25% (on taxable profits above £250,000).

12. Intangible assets

	Development expenditure £	Computer software £	Total £
Cost			
At 1 January 2022	633,202	1,606,544	2,239,746
Additions - internal	162,341	795,847	958,188
Disposals	(6,035)	-	(6,035)
At 31 December 2022	789,508	2,402,391	3,191,899
Amortisation			
At 1 January 2022	467,019	547,677	1,014,696
Charge for the year on owned assets	102,689	350,086	452,775
On disposals	(919)	-	(919)
At 31 December 2022	568,789	897,763	1,466,552
Net book value			
At 31 December 2022	220,719	1,504,628	1,725,347
At 31 December 2021	166,183	1,058,867	1,225,050

13. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 January 2022	946	58,492	59,438
Additions	-	19,676	19,676
Disposals	-	(1,737)	(1,737)
At 31 December 2022	946	76,431	77,377
Depreciation			
At 1 January 2022	946	29,836	30,782
Charge for the year on owned assets	-	17,874	17,874
Disposals	-	(1,494)	(1,494)
At 31 December 2022	946	46,216	47,162
Net book value			
At 31 December 2022	-	30,215	30,215
At 31 December 2021	-	28,656	28,656

14. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2022	2,216,014
Additions	159,420
Disposals	(2,366,976)
At 31 December 2022	8,458

During the year, 100% of the shares held in Dipocket UAB were sold to the parent company, Tomahawk Holding Zrt., for €2,000,000, a sterling equivlant of £1,712,901. This created a loss on disposal of £654,075.

14. Fixed asset investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Dipocket LLC	Lithuania	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Loss
Dipocket LLC	**(19,556)**	**(17,513)**

15. Stocks

	2022 £	2021 £
Payment cards	**25,861**	16,126
	25,861	16,126

16. Debtors

	2022 £	2021 £
Trade debtors	**190,401**	101,887
Amounts owed by group undertakings	**72,732**	2,407
Other debtors	**276,161**	252,039
Prepayments and accrued income	**32,434**	57,855
	571,728	414,188

17. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	**1,551,408**	818,878
	1,551,408	818,878

Dipocket Limited is an authorised firm under the Electronic Money Regulations 2011 and as such is required to safeguard customer funds. The company has chosen to do this through segregation of customer funds, by establishing segregated bank accounts. The balance of segregated customer bank accounts for the Company as at 31 December 2022 is £1,324,104 (2021 £3,684).

18. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	**241,759**	137,593
Amounts owed to group undertakings	**17,832**	5,862
Other taxation and social security	**373**	-
Other creditors	**1,368,416**	18,371
Accruals and deferred income	**69,344**	105,509
	1,697,724	267,335

19. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
3,308,450 (2021 -1,155,274) Ordinary shares shares of € 0.10 each	**284,583**	95,644
Nil (2021 -1,882,588) Series A shares shares of €0.10 each	**-**	165,911
	284,583	261,555

19. Share capital (continued)

During the year, an issue of 235,294 Series A shares was made, with a nominal value of €0.10, amounting to €23,529, a sterling equivalent of £19,897. The shares were issued at a premium of €4.15 per share a premium total of €976,470, a sterling equivalent of £825,733.

On the 21st of October 2022 there was a transfer of 2,117,882 Series A shares, representing 100%, into 2,117,882 Ordinary shares.

Another issue of 35,294 Ordinary shares was made, with a nominal value of €0.10, amounting to €3,529, a sterling equivalent of £ 3,130. The shares were issued at a premium of €4.15 per share a premium total of €146,470, a sterling equivalent of £129,909.

Both Ordinary and Series A shares carry voting rights, however each Series A share has 3 votes attached to it, and Ordinary shares have 1 vote for each share held. For further details please refer to the articles avaliable at the Companies House website.

20. Reserves

Profit and loss account

This reserve comprises all current and prior period retained profits and losses after deducting any distributions.

Share Capital

This represents the nominal value of shares that have been issued by the Company.

Share Premium

This represents the premium that was paid on the shares that have been issued by the Company.

21. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£	£
Not later than 1 year	**42,347**	8,531
Later than 1 year and not later than 5 years	**-**	1,610
	42,347	10,141

22. Related party transactions

During the year, Pavlo Pokhylchenko, a director of the Company, invoiced the Company for consultancy services of £40,925 (2021: £41,453). The consultancy services were charged at a commercial rate and were fully paid during the year.

During the year, Fedele Di Maggio, a director of the Company, invoiced the Company for consultancy services of £13,091 (2021: £Nil). The consultancy services were charged at a commercial rate and at the year end, £13,091 (2021: £Nil) was owed to Fedele Di Maggio.

The directors are users of the DiPocket Limited mobile application, therefore, they have e-money accounts opened in their names. The balances as at the year end on these accounts are stated below.

During the year, Pavlo Pokhylchenko incurred expenses of £224 (2021: £2,239) on behalf of the Company. At the year end, £Nil (2021: £Nil) was owed to Pavlo Pokhylchenko for incurred expenses.

During the year, Fedele Di Maggio, a director of the Company, incurred expenses of £53,758 (2021: £29,100) on behalf of the Company. At the year end, £3,557 (2021: £4,197) was owed to Fedele Di Maggio. At the year end, the company held e-money amounts of £8,098 (2021: £7,529) in respect of Fedele Di Maggio, included in 'Creditors: amounts falling due within one year' in Note 18 to the accounts.

23. Controlling party

The Company is controlled by its majority shareholder, Tomahawk Holding Zrt., incorporated in Hungary.

The ultimate controlling party is Eximbank Zrt., incorporated in Hungary. The consolidated financial statements of Eximbank Zrt. are availble to the public and may be obtained from 1065 Budapest, Nagymezo u46-48