

Company Registration No. 09407280 (England and Wales)

OPENMONEY ADVISER SERVICES LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

OPENMONEY ADVISER SERVICES LTD

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | Mr M C Davis Mr A Appleyard Ms H L Millhouse Mr P Young |
| Company number | 09407280 |
| Registered office | Wework St Peter's Square 1 St Peter's Square Manchester M2 3DE |
| Auditor | AMS Accountants Corporate Limited Floor 2 9 Portland Street Manchester M1 3BE |

OPENMONEY ADVISER SERVICES LTD

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OPENMONEY ADVISER SERVICES LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

The primary focus during 2021 was further refinement of the business's proposition alongside that of the wider OpenMoney Group. As such the business has only made limited investment in new customer acquisition particularly in the second half of the year. During the year the business recorded losses of £919k, up from £707k in 2020. Turnover of £219k represents a more than 100% increase over the previous year (2020: £108k) and the business has also recorded material improvements in gross margin which has increased to 29% (2020: 10%) and reflects economies of scale starting to manifest as assets under management improve.

Assets under management increased nearly threefold in the year to £145m (2020: £59m), despite the reduced acquisition spend outlined above. Our non-advised proposition (eVestor) continued to perform well driven by high profile affiliate partners who recommend this product as a 'best buy' based on its impressive investment performance and low price point.

In the last quarter of 2021, the business soft-launched its first-time buyer mortgage proposition, supported by limited marketing acquisition activity. The first completions from which have been recorded in early 2022 which represents an important milestone and diversification of revenue streams for the business. This proposition continues to be developed and is expected to opened up to re-mortgage customers later in 2022.

OpenMoney, along with its long-term strategic backers, continues to invest in product innovation, user experience, technology, customer acquisition and people in order to deliver its long-term strategic objectives. Funding has continued to be provided by the original founder shareholders and there is no external debt in the business. Management has gained confirmation that the existing shareholders remain fully committed to funding the business to such point in its growth that appropriate external funding can be sought.

The OpenMoney Adviser Services Ltd board meets on a monthly basis to discuss matters of strategic and reputational importance to the business, its employees and its shareholders. In 2021 these included but were not limited to: the business's response to ensuring our customers and employees were supported through the prolonged period of uncertainty driven by the COVID-19 pandemic; potential B2B strategic partnerships; wider strategic goal setting and the agreement of wider capital and operational expenditure plans.

OPENMONEY ADVISER SERVICES LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

Within the company, responsibility for risk management rests with the board and subsidiary boards, which all meet monthly.

The business continues to monitor and understand any uncertainty caused by various macro-economic risks and the UK Government's response to it.

The business has a formal process for the consideration and identification of risk which is considered by the firm's compliance team. The principal risks are summarised below:

Cybercrime and Information Security

The threat of cybercrime and breaches of information security are key areas of focus for the company. We continue to work closely with best-in-class partners to ensure we have the appropriate mitigations and processes in place to react swiftly in the event of an attack. Our risk and control framework is based around the 14 domains of ISO 27001. Having conducted, via an industry approved third party, an assurance review against all 14 domains in 2021, we are now progressing our remediation plans to cover identified gaps and areas for improvement. The remediation work includes reinforcing our culture of risk management and information security awareness with all employees.

Market Risk

For OpenMoney this largely manifests as the impact of financial markets on customer sentiment. For our advised and non-advised investment customers, the business offers a restricted advice proposition offering 3 simple products and 3 model portfolios managed on a discretionary basis using passive funds. The firm's Investment Committee meets two times per year and takes a long-term investment view and does not operate a 'chase the market' mandate.

Interest Rate Risk

The business finances its own operations through available funds. As such there is no exposure to interest rate risk. The only risk arises with future commitments and is deemed to be minimal risk.

Capital & Liquidity Risk

The business seeks to manage financial risk by ensuring adequate regulatory and working capital is available to meet future requirements. As a regulated entity, OpenMoney Adviser Services Ltd must conduct an Internal Capital Adequacy Assessment (ICAAP) twice yearly. The ICAAP calculation includes the quantification of risks specific to that business, and an excess of the determined amount of capital is held as cash on deposit at a High Street bank. Capital adequacy is always maintained in excess of the calculated requirement, and this is reported regularly to both the subsidiary and Group level boards.

From 1st January 2022 the Financial Conduct Authority are changing the regulatory regime in which the organisation is supervised. This involves moving from ICAAP to ICARA (Internal Capital Adequacy and Risk Assessment) and changes to Regulatory Reporting, Rules and Requirements. A five-year Transition Period to allow for the new regulatory regime to be fully embedded and adhered to, will assist the business to build to the new minimum regulatory capital adequacy requirements without risk of breaches to the new regulatory requirements.

Future developments

The management team expect 2022 results to reflect an uplift in activity over previous years as a result of the culmination of various product and proposition developments coming to a head, particularly in the latter part of 2022, resulting in new income streams, increased turnover and reduced losses. Key developments expected to be delivered in 2022 include the roll out of a more comprehensive and fully dynamic hybrid advice proposition, extension of the current mortgage proposition to cover re-mortgage customers, a standalone protection proposition for existing and new customers and further improvements to the OpenMoney app to support new and existing customers alike.

OPENMONEY ADVISER SERVICES LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board

Mr M C Davis

Director

25 April 2022

OPENMONEY ADVISER SERVICES LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of the provision of online financial advice and investment products.

Results and dividends

The results for the year are set out on page 10.

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

Directors

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

Mr M C Davis

Mr J T Higgins

(Appointed 15 March 2021 and resigned 13 January 2022)

Mr M Welford

(Resigned 15 March 2021)

Mr A Appleyard

Ms H L Millhouse

Mr P Young

Qualifying third party indemnity provisions

Each of the Directors benefits from a third party qualifying indemnity given by the Company in respect of liabilities incurred by the Director in the execution and discharge of their duties. The provision remains in force throughout the financial year and up until the date of the report.

Auditor

AMS Accountants Corporate Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

OPENMONEY ADVISER SERVICES LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of directors' responsibilities

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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 M C Davis
Director

25 April 2022

OPENMONEY ADVISER SERVICES LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OPENMONEY ADVISER SERVICES LTD

Opinion

We have audited the financial statements of OpenMoney Adviser Services Ltd (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that there are no contractual obligations to support the ongoing funding requirements of the group. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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.

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

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 identified a material uncertainty 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.

OPENMONEY ADVISER SERVICES LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OPENMONEY ADVISER SERVICES LTD

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 and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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.

OPENMONEY ADVISER SERVICES LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OPENMONEY ADVISER SERVICES LTD

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the company operates in and identified the key laws and regulations that :

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas and our specific procedures performed to address it are described below :

- due to the loss making position of OMAS, there is the incentive to overstate revenue in order to inflate the revenue position of the entity. As the revenue is all invoiced based, we selected a sample of the revenue recorded in the year and agreed it to the invoices sent out and then to the bank statements.

In common with all audits under ISA's (UK), we are also required to perform specific procedures to respond to the threat of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rational of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following :

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify and unusual or unexpected relationships that may indicated risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigations and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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.

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.

OPENMONEY ADVISER SERVICES LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OPENMONEY ADVISER SERVICES LTD

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

Andrew Davis FCCA (Senior Statutory Auditor)
For and on behalf of AMS Accountants Corporate Limited

25 April 2022

Chartered Accountants
Statutory Auditor

Floor 2
9 Portland Street
Manchester
M1 3BE

OPENMONEY ADVISER SERVICES LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 £ | 2020 £ |
|------------------------------------|-------|-------------------------|-------------------------|
| Turnover | 3 | 218,725 | 107,731 |
| Cost of sales | | (152,541) | (97,085) |
| Gross profit | | <u>66,184</u> | <u>10,646</u> |
| Administrative expenses | | (1,023,325) | (718,249) |
| Loss before taxation | | <u>(957,141)</u> | <u>(707,603)</u> |
| Tax on loss | 7 | 38,024 | - |
| Loss for the financial year | | <u><u>(919,117)</u></u> | <u><u>(707,603)</u></u> |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

OPENMONEY ADVISER SERVICES LTD

BALANCE SHEET

AS AT 31 DECEMBER 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|---|-------|------------------|--------------------|-----------------|--------------------|
| Fixed assets | | | | | |
| Investments | 8 | | 18,202 | | 15,000 |
| Current assets | | | | | |
| Debtors | 10 | 86,370 | | 15,945 | |
| Cash at bank and in hand | | 504,201 | | 374,867 | |
| | | <u>590,571</u> | | <u>390,812</u> | |
| Creditors: amounts falling due within one year | 11 | <u>(167,758)</u> | | <u>(45,680)</u> | |
| Net current assets | | | 422,813 | | 345,132 |
| Net assets | | | <u>441,015</u> | | <u>360,132</u> |
| Capital and reserves | | | | | |
| Called up share capital | 13 | | 3,100 | | 2,100 |
| Share premium account | | | 2,997,000 | | 1,998,000 |
| Profit and loss reserves | | | <u>(2,559,085)</u> | | <u>(1,639,968)</u> |
| Total equity | | | <u>441,015</u> | | <u>360,132</u> |

The financial statements were approved by the board of directors and authorised for issue on 25 April 2022 and are signed on its behalf by:

Mr M C Davis
Director

Company Registration No. 09407280

OPENMONEY ADVISER SERVICES LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | Share capital £ | Share premium account £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|----------------------------------|----------------------------------|------------|
| Balance at 1 January 2020 | | 1,400 | 1,298,700 | (932,365) | 367,735 |
| Year ended 31 December 2020: | | | | | |
| Loss and total comprehensive income for the year | | - | - | (707,603) | (707,603) |
| Issue of share capital | 13 | 700 | 699,300 | - | 700,000 |
| Balance at 31 December 2020 | | 2,100 | 1,998,000 | (1,639,968) | 360,132 |
| Year ended 31 December 2021: | | | | | |
| Loss and total comprehensive income for the year | | - | - | (919,117) | (919,117) |
| Issue of share capital | 13 | 1,000 | 999,000 | - | 1,000,000 |
| Balance at 31 December 2021 | | 3,100 | 2,997,000 | (2,559,085) | 441,015 |

OPENMONEY ADVISER SERVICES LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|---|-------|-----------|-----------|-----------|-----------|
| Cash flows from operating activities | | | | | |
| Cash absorbed by operations | 16 | | (867,464) | | (671,003) |
| Investing activities | | | | | |
| Proceeds on disposal of investments | | (3,202) | | (15,000) | |
| Net cash used in investing activities | | | (3,202) | | (15,000) |
| Financing activities | | | | | |
| Proceeds from issue of shares | | 1,000,000 | | 700,000 | |
| Net cash generated from financing activities | | | 1,000,000 | | 700,000 |
| Net increase in cash and cash equivalents | | | 129,334 | | 13,997 |
| Cash and cash equivalents at beginning of year | | | 374,867 | | 360,870 |
| Cash and cash equivalents at end of year | | | 504,201 | | 374,867 |

OPENMONEY ADVISER SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

OpenMoney Adviser Services Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Wework St Peter's Square, 1 St Peter's Square, Manchester, M2 3DE.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The company has incurred recurring losses up to 31 December 2021.

The company is in an early state in its development and is therefore currently dependent on loan funding from the main director and shareholder for support during this time to cover its trading losses and support its growth. The company has obtained written assurances from the director/shareholder that the loans existing at the balance sheet date of the company, which in turn support the subsidiaries OpenMoney Adviser Services Limited and OpenMoney Benefits Limited, are neither repayable on demand nor within 12 months of the date of signing of the financial statements. However, as there are no contractual obligations to support the ongoing funding requirements of the company, there is a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and management's plans to deal with these events and conditions, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Having considered all the available information, the Directors have a reasonable expectation that the company will have adequate resources to continue trading for the foreseeable future (12 months from the date of signing) and accordingly the Directors have continued to adopt the going concern basis in preparing these financial statements.

The directors do not anticipate that the effects of the Covid-19 pandemic will unduly affect viability or the ability to continue as a going concern as outlined further in the directors report.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for the provision of ongoing financial advice and management of model investment portfolios to UK residents, is calculated daily on the actual value of assets under management and is shown net of VAT.

1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

OPENMONEY ADVISER SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

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

1.5 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.

1.6 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 balance sheet 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 debtors 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.

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.

OPENMONEY ADVISER SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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 creditors, 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 creditors 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 creditors 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.

Derecognition of financial liabilities

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

1.7 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.

1.8 Taxation

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

OPENMONEY ADVISER SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 profit and loss account, 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.

1.9 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 fixed 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.

1.10 Retirement benefits

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

1.11 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.

OPENMONEY ADVISER SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Deferred taxation

A deferred taxation asset totalling £492,400 calculated based upon cumulative taxable losses has not been recognised in these accounts as it is not certain that it will be recovered against future taxable profits.

3 Turnover and other revenue

| | 2021 | 2020 |
|--|----------------|----------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Financial advice and sale of investment products | 218,725 | 107,731 |
| | <u>218,725</u> | <u>107,731</u> |
| | 2021 | 2020 |
| | £ | £ |
| Turnover analysed by geographical market | | |
| United Kingdom | 218,725 | 107,731 |
| | <u>218,725</u> | <u>107,731</u> |

4 Operating loss

| | 2021 | 2020 |
|---|----------------|---------------|
| | £ | £ |
| Operating loss for the year is stated after charging: | | |
| Cost of stocks recognised as an expense | 152,541 | 97,085 |
| | <u>152,541</u> | <u>97,085</u> |

5 Auditor's remuneration

Auditor's remuneration of £35,000 (2020: £52,920) for the audit of all three OpenMoney entities, for the current period has been fully borne by OpenMoney Limited and is not recharged.

OPENMONEY ADVISER SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Employees

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

| | 2021 Number | 2020 Number |
|-------|----------------|----------------|
| Total | 10 | 14 |

Their aggregate remuneration comprised:

| | 2021 £ | 2020 £ |
|-----------------------|-----------|-----------|
| Wages and salaries | 590,112 | 466,736 |
| Social security costs | 57,442 | 45,974 |
| Pension costs | 56,667 | 20,613 |
| | 704,221 | 533,323 |

7 Taxation

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Current tax | | |
| UK corporation tax on profits for the current period | (38,024) | - |

The actual (credit)/charge 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:

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Loss before taxation | (957,141) | (707,603) |
| Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) | (181,857) | (134,445) |
| Unutilised tax losses carried forward | 160,194 | 134,445 |
| Research and development tax credit | 11,801 | - |
| Enhanced expenditure | (28,162) | - |
| Taxation credit for the year | (38,024) | - |

OPENMONEY ADVISER SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Fixed asset investments

| | 2021 £ | 2020 £ |
|----------------------|-----------|-----------|
| Unlisted investments | 18,202 | 15,000 |

Movements in fixed asset investments

| | Investments £ |
|--------------------------|------------------|
| Cost or valuation | |
| At 1 January 2021 | 15,000 |
| Additions | 3,202 |
| At 31 December 2021 | 18,202 |
| Carrying amount | |
| At 31 December 2021 | 18,202 |
| At 31 December 2020 | 15,000 |

9 Financial instruments

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Carrying amount of financial assets | | |
| Instruments measured at fair value through profit or loss | 18,202 | 15,000 |

10 Debtors

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Corporation tax recoverable | 38,024 | - |
| Amounts owed by group undertakings | 9,000 | - |
| Other debtors | 3,294 | - |
| Prepayments and accrued income | 36,052 | 15,945 |
| | 86,370 | 15,945 |

11 Creditors: amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|-----------|-----------|
| Trade creditors | 28,036 | 8,382 |
| Amounts owed to group undertakings | 80,592 | 300 |
| Accruals and deferred income | 59,130 | 36,998 |
| | 167,758 | 45,680 |

OPENMONEY ADVISER SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Retirement benefit schemes

| | 2021 | 2020 |
|---|--------|--------|
| Defined contribution schemes | £ | £ |
| Charge to profit or loss in respect of defined contribution schemes | 56,667 | 20,613 |

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.

13 Share capital

| | 2021 | 2020 | 2021 | 2020 |
|----------------------------|--------|--------|-------|-------|
| Ordinary share capital | Number | Number | £ | £ |
| Issued and fully paid | | | | |
| Ordinary Shares of £1 each | 3,100 | 2,100 | 3,100 | 2,100 |

Each of the above shares has full rights in the company with respect to voting, dividends and distribution as per the prescribed particulars.

During the year the company issued 1,000 Ordinary shares at it's par value of £100 per share.

14 Contingent Liability

A contingent liability is a present obligation as a result of past events whereby it would be expected that an outflow our resources would occur.

During the year the company became aware that they could be liable for any claims arising as a result of its historical advice. The directors estimated costs to settle future claims at around £243,000. As an outflow on resources is not probable, no provision has been recognised in these financial statements per IAS37.

15 Ultimate controlling party

The holding company of OpenMoney Adviser Services Limited is OpenMoney Limited.

The registered office address of OpenMoney Limited is :

Wework St Peter's Square
1 St Peter's Square
Manchester
M2 3DE

Open Money Limited is both the smallest and largest entity that OpenMoney Adviser Services Ltd consolidates into.

OPENMONEY ADVISER SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Cash absorbed by operations

| | 2021 £ | 2020 £ |
|--------------------------------------|------------------|------------------|
| Loss for the year after tax | (919,117) | (707,603) |
| Adjustments for: | | |
| Taxation credited | (38,024) | - |
| Movements in working capital: | | |
| (Increase)/decrease in debtors | (32,401) | 11,464 |
| Increase in creditors | 122,078 | 25,136 |
| Cash absorbed by operations | (867,464) | (671,003) |

17 Analysis of changes in net funds

| | 1 January 2021 £ | Cash flows £ | 31 December 2021 £ |
|--------------------------|---------------------|-----------------|--------------------------|
| Cash at bank and in hand | 374,867 | 129,334 | 504,201 |

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