

Company Registration No. 09759504 (England and Wales)

QUANTESSENCE FINANCIAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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QUANTESSENCE FINANCIAL LIMITED

COMPANY INFORMATION

Directors

Peter De Clercq
Wim Hautekiet
Nikolaos Papadopoulos

Company number

09759504 (England and Wales)

Registered office

33 Cannon Street
2nd Floor
London
EC4M 5SB

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

QUANTESSENCE FINANCIAL LIMITED

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QUANTESSENCE FINANCIAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activity

The principal activity of the company continued to be that of software design in support of the Euroclear Quantessence platform. The platform provides technological support to financial institutions for a range of financial products that require efficient calculations, asset rebalancing and order management.

Directors

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

Peter De Clercq
Wim Hautekiet
Nikolaos Papadopoulos

REVIEW OF BUSINESS AND RISK ANALYSIS

Liquidity Risk

Quantessence Financial Limited relies on equity funding invested by Quantessence Limited which in turn has been sourced from Euroclear SA. The firm's obligations are long dated and Quantessence Financial Limited does not face liquidity risk for the next twelve months.

Market Risk

Quantessence Financial Limited does not currently consider itself exposed to market risks. The company holds no quoted investments and its fee structure is sufficiently diversified to limit exposure to financial asset prices.

Foreign Currency Risk

The Company currently has limited foreign currency exposure. The main exposure results from its developments in the Prague development centre, as well as from the fact that some of the group's costs and revenues are EUR-based. Volatility in the CZK-GBP exchange rate can have an impact on the Company's costs but will not threaten its viability. The Company manages its foreign currency risk by periodically converting GBP to CZK to cover relatively long periods of operation (3 to 6 months). With regards to the EUR-denominated revenues, these risks are sufficiently offset by a part of the costs which is also EUR denominated. The Company is also subject to foreign currency exposure on the carrying value of the inter-company position between the Czech branch and Quantessence Financial Ltd and on the carrying value of Quantessence Financial SA and Quantessence Financial Ltd.

Credit Risk

The only credit obligations at the balance sheet date are in respect of trade debtors. In addition, Quantessence Financial Limited minimises the credit risk on its cash balance by holding its funds in deposit with banks with an investment grade rating.

Brexit Risk

Some of the company's activities can be classified under MIFID as the Receipt and Transmission of Orders. With that purpose, the Company has created a Belgian subsidiary: Quantessence Financial SA with branches in Prague and London. Quantessence Financial SA has been approved and is regulated by the Financial Services and Markets Authority in Belgium and by the Financial Conduct Authority in the UK. On 29 November 2022, the Business of Quantessence Financial Ltd has been transferred to the new entity, Quantessence Financial SA and its respective branches. Quantessence Financial SA continues to expand its business in the Belgian head office but the Brexit risk for the firm has now disappeared.

War in Ukraine

To date, the war in Ukraine has not had an impact on the company's business. The firm's Business Continuity Management has been tried and tested under Covid-19 and remains robust. Client demand has not been impacted by geopolitical events. The company continues to monitor the situation and is taking all necessary measures to deliver a high level of service to its clients.

QUANTESSENCE FINANCIAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Our stakeholders: Section 172 Statement

Duty to promote the success of the company

Section 172(1) of the Companies Act 2006 requires Directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The importance of the stakeholder considerations, in particular in the context of decision-making, is taken into account at every board and committee meeting. All discussions involve careful considerations of the longer-term consequences of any decisions and their implications for stakeholders.

This Section 172 Statement sets out how the Directors have discharged this duty:

In order for the Company to succeed in the long-term, the Board must build and maintain successful relationships with a wide range of stakeholders. The Board recognises that the long-term success of the Company is dependent on how it works with a number of important stakeholders.

The Board's decision-making process considers both risk and reward in the pursuit of delivering the long-term success of the Company. As part of the Board's decision-making process, the Board considers the interests of a broad range of the Company's stakeholders – including the impact of its decisions on regulators, employees, clients, suppliers and the local community as well as shareholders.

The Board fulfils its duties in collaboration with the senior management team, to which day-to-day management has been delegated. The Board seeks to understand stakeholder groups' priorities and interests. The Board listens to stakeholders through a combination of information provided by management and also by direct engagement where appropriate.

QUANTESSANCE FINANCIAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of directors' responsibilities

The directors are responsible for preparing 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 International Financial Reporting Standards (IFRSs) in conformity with the Companies Act 2006. 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- ensure they have been prepared in accordance with IFRSs in conformity with the Companies Act 2006, 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

Each director in office at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



Peter De Clercq
Director

Date: 25/10/2023

QUANTESSENCE FINANCIAL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF QUANTESSENCE FINANCIAL LIMITED

Opinion on the financial statements

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 UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Quantessence Financial Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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

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.

QUANTESSENCE FINANCIAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF QUANTESSENCE FINANCIAL LIMITED

Other Companies Act 2006 reporting

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.

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.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations;

QUANTESSENCE FINANCIAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF QUANTESSENCE FINANCIAL LIMITED

We considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation, and Companies Act 2006.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Discussion with management if they are aware of instances of non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration schemes and the related financial statement areas impacted by these; and
- Involvement of IT specialists.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition, accounting of intangible asset, and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias on capitalisation of costs to intangible asset, and impairment on intangible asset;
- Testing revenue on a sample basis by agreeing to supporting documentation, recalculation of revenue and confirming with third parties were applicable;
- Testing costs capitalised to intangible asset if they met capitalisation criteria per applicable accounting standards;
- Reviewing impairment assessment on intangible assets by corroborating inputs used for impairment; and
- Test of controls by IT specialists around platform used to generate revenue.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

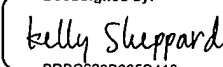
QUANTESSENCE FINANCIAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF QUANTESSENCE FINANCIAL LIMITED

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.

DocuSigned by:

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Kelly Sheppard (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 25/10/2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

QUANTESSANCE FINANCIAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		2022 £	Restated 2021 £
	Notes		
Revenue	4	306,534	2,228
Cost of sales		(257,941)	(41,019)
Gross profit/(loss)		48,593	(38,791)
Other operating income		-	44,240
Administrative expenses		(2,025,203)	(1,692,356)
Operating loss	5	(1,976,610)	(1,686,907)
Finance income	8	243	266
Finance costs	9	-	(1,042)
Loss before taxation		(1,976,367)	(1,687,683)
Corporate tax income	10	112,016	78,864
Loss and total comprehensive income for the year		(1,864,351)	(1,608,819)

The income statement has been prepared on the basis that all operations are continuing operations.
The notes on pages 13 to 35 form part of these financial statements.

QUANTESSENCE FINANCIAL LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £	Restated 2021 £
Non-current assets			
Intangible assets	11	-	3,109,361
Property, plant and equipment	12	-	27,054
Investment in subsidiary	13	5,736,858	-
Other receivables	14	-	8,313
		<u>5,736,858</u>	<u>3,144,728</u>
Current assets			
Trade and other receivables	14	-	277,519
Current tax recoverable		-	143,987
Cash and cash equivalents		64,075	1,032,832
		<u>64,075</u>	<u>1,454,338</u>
Total assets		<u>5,800,933</u>	<u>4,599,066</u>
Current liabilities			
Trade and other payables	16	63,628	297,919
Current tax liabilities		-	39,017
Borrowings	15	-	35,844
Lease liabilities	17	-	8,353
Retirement benefit obligations	19	-	2,096
		<u>63,628</u>	<u>383,229</u>
Net current assets		<u>447</u>	<u>1,071,109</u>
Non-current liabilities			
Lease liabilities	17	-	6,504
Deferred tax liabilities	18	-	2,573
		<u>-</u>	<u>9,077</u>
Total liabilities		<u>63,628</u>	<u>392,306</u>
Net assets		<u>5,737,305</u>	<u>4,206,760</u>

QUANTESSENCE FINANCIAL LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2022

		2022	Restated 2021
	Notes	£	£
Equity			
Called up share capital	20	16	11
Share premium account	21	12,806,881	9,411,990
Retained earnings		(7,069,592)	(5,205,241)
Total equity		5,737,305	4,206,760

The notes on pages 13 to 35 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 25/10/2023 and are signed on its behalf by:



Peter De Clercq
Director

Company Registration No. 09759504

QUANTESSENCE FINANCIAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
As restated for the period ended 31 December 2021:					
Balance at 1 January 2021		8	6,431,993	(3,596,422)	2,835,579
Year ended 31 December 2021:					
Loss and total comprehensive income for the year as restated		-	-	(1,608,819)	(1,608,819)
Issue of share capital	20	3	2,979,997	-	2,980,000
Balance at 31 December 2021 Restated		11	9,411,990	(5,205,241)	4,206,760
Year ended 31 December 2022:					
Loss and total comprehensive income for the year as restated		-	-	(1,864,351)	(1,864,351)
Issue of share capital	20	5	3,394,891	-	3,394,896
Balance at 31 December 2022		16	12,806,881	(7,069,592)	5,737,305

The notes on pages 13 to 35 form part of these financial statements.

QUANTESSENCE FINANCIAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	Restated 2021 £	£
Cash flows from operating activities					
Cash absorbed by operations	27	(1,880,951)		(1,573,729)	
Interest paid		-		(1,042)	
Tax refunded		70,328		51,463	
Tax paid		(14,444)		(6,363)	
Net cash outflow from operating activities		(1,825,067)		(1,529,671)	
Investing activities					
Investment in subsidiaries - transfer of business		(381,740)		-	
Investment in subsidiaries		(989,896)		-	
Purchase of intangible assets		(1,130,004)		(916,306)	
Purchase of property, plant and equipment		-		(5,061)	
Interest received		243		266	
Net cash used in investing activities		(2,501,397)		(921,101)	
Financing activities					
Proceeds from issue of shares		3,394,896		2,980,000	
Repayment of director's loan		(35,846)		-	
Capital element of lease rentals		-		(7,124)	
Net cash generated from financing activities		3,359,050		2,972,876	
Net (decrease)/increase in cash and cash equivalents		(967,414)		522,104	
Cash and cash equivalents at beginning of year		1,032,832		510,728	
Effect of foreign exchange rates		(1,343)		-	
Cash and cash equivalents at end of year		64,075		1,032,832	

The notes on pages 13 to 35 form part of these financial statements.

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Quantessence Financial Limited is a private company limited by shares incorporated in England and Wales. The registered office is 33 Cannon Street, 2nd Floor, London, England, EC4M 5SB. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a degree of judgement or complexity or areas where assumptions or estimates are significant to the financials are noted in the critical judgements accounting policy note.

Functional and presentational currency

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 £.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The Financial Statements present information about the company as an individual entity and not about its group.

Quantessence Financial Ltd is a wholly owned subsidiary of Quantessence Ltd and the results of Quantessence Financial Ltd are included in the consolidated Financial Statements of Quantessence Ltd which are available from Companies House Crown Way, Cardiff, CF14 3UZ .

1.2 Subsidiaries

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.3 Going concern

The directors have at the time of approving the financial statements and following the business transfer to Quantessence Financial SA in Belgium on 29 November 2022, a reasonable expectation that the company has adequate resources by way of parent company financial support, to continue in operational existence for the foreseeable future. Post business transfer, the company will be used as a special purpose vehicle for injecting capital in Quantessence Financial SA. The company's ongoing commitments will be settled by the operating entity, Quantessence Financial SA. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Revenue and other operating income

Revenue comprises the fair value of consideration received or receivable for the sale of services in the ordinary course of the company's activities. Fee income represents a return for services rendered and is recognised when the service is performed. All revenue is derived from the UK operating segment.

Other operating income comprises part of value-added tax no longer payable. It is recognised when the liability is discharged.

1.5 Intangible assets other than goodwill

Development costs

Intangible assets arising from the development (or development phase of a project) should be recognised in the statement of financial position of the intellectual owner of the asset developed, if the entity can demonstrate all of the following:

- the technical feasibility of completing the intangible asset;
- its intention to complete the intangible asset and use it;
- its ability to use it;
- how the intangible asset will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use the intangible asset; and
- its availability to measure the expenditure attributable to the intangible asset during its development reliably.

All costs relating to the research phase of the project are to be recognised as an expense immediately.

Development costs, once completed, will be amortised on a straight line basis over its useful finite life estimated at 5 years.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their estimated residual values over their useful lives on the following bases:

Leasehold buildings	Over shorter of lease term and expected economic useful life
Fixtures and fittings	Over 7 years - straight line basis
Computer equipment	Over 5 years - straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.7 Impairment

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents 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.

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset with the net presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis or to realise the asset and settle the liability simultaneously. The company has financial assets primarily in the form of trade and other receivables and cash and cash equivalents. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised in the statement of financial position on settlement date at fair value plus directly related transaction costs, if any, when cash is advanced to the borrowers. They are subsequently measured at amortised costs using the effective interest method.

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.10 Financial liabilities

The company has financial liabilities primarily in the form of trade and other payables. These liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market.

Basic financial liabilities including loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes as financing transaction where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Borrowings are initially measured at fair value, being the issued proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 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 inventories or non-current assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.13 Retirement benefits

The company operates a defined contribution pension plan. A defined contribution plan is one where the company pays fixed contributions into a separate entity. These contributions are expensed in the period in which the employees rendered the services entitling them to the benefits.

1.14 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at the present value of future minimum lease payments discounted at the effective market rate and adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.15 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 are included in the income statement for the period.

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.16 Accounting Policies, Changes in Accounting Estimates and Prior period errors

Prior period errors are omissions from, and misstatements in the financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available and could reasonably be expected to have been obtained and taken into account in preparing the financial statements for the periods affected. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Changes in accounting estimates are accounted for prospectively. They are applied in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the financial position or financial performance. Where a change is made, comparative amounts for the prior period as if the new policy had always been applied.

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

2 Adoption of new and revised standards and changes in accounting policies

Adoption of new standards

IAS 16 - Property, Plant and Equipment

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective:

Standards amendments in issue but not yet effective

The company has not early applied any of the new and revised standards that have been issued but are not yet effective for the accounting year ended 31 December 2022, in the company's financial statements.

Among the new and revised standards, the following are expected to be relevant to the company's financial statements upon becoming effective:

IAS 1 — Presentation of Financial Statements – effective periods beginning on or after January 1, 2023

IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors – effective periods beginning on or after January 1, 2023

The amendments are not expected to have a material impact on the company's financial statements.

3 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates may differ from the related actual results. The Directors' deem the only critical accounting estimate and judgement applied in the preparation of these financial statements to be that relating to amortisation and depreciation of fixed assets and the impairment of intangible assets, as described in note 1.6.

4 Revenue

As at the reporting date, the total revenue of the company was wholly attributable to platform and project fees. All revenues are derived from EU customers.

	2022 £	2021 £
Platform fee income and project fee	306,534	2,228

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

5 Operating loss

	2022	Restated 2021
	£	£
Operating loss for the year is stated after charging:		
Exchange losses	11,894	6,924
Fees payable to the company's auditor for the audit of the company's financial statements	33,538	6,497
Depreciation - owned assets	3,678	4,057
Amortisation of intangible assets	335,664	367,292
Operating lease payments	33,407	14,729
	<u> </u>	<u> </u>

6 Employees

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

	2022 Number	2021 Number
Directors	2	2
Sales - UK	1	3
Admin - UK	2	1
Product Development - UK	2	4
Product Development - Czech Republic	4	3
	<u> </u>	<u> </u>
	11	13
	<u> </u>	<u> </u>

As a result of the business transfer to Quantessence Financial SA on 29 November 2022, there were no employees on payroll in Quantessence Financial Ltd as at 31 December 2022.

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	1,478,267	1,247,230
Social security costs	280,836	158,896
Pension costs	24,267	19,711
	<u> </u>	<u> </u>
	1,783,370	1,425,837
	<u> </u>	<u> </u>

During the year ended 31 December 2022, £332,374 (2021: £298,793) of UK gross wages costs and £747,068 (2021: £454,516) of the Czech branch's gross wages costs have been capitalised as part of the intangible asset IP development project - see intangible assets note 11.

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

7 Directors' remuneration

	2022	2021
	£	£
Salary and benefits	518,101	270,000
Fees	12,160	-
Company pension contributions to defined contribution schemes	15,424	8,100
	<u>545,685</u>	<u>278,100</u>

8 Finance income

	2022	2021
	£	£
Interest income		
Bank interest	1	-
Other interest income	242	266
	<u>243</u>	<u>266</u>
Total interest income	<u>243</u>	<u>266</u>

9 Finance costs

	2022	2021
	£	£
Interest on lease liabilities	-	61
Other interest payable	-	981
	<u>-</u>	<u>1,042</u>
Total interest expense	<u>-</u>	<u>1,042</u>

10 Income tax

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	(109,952)	(79,644)
Foreign taxes and reliefs	509	664
	<u>(109,443)</u>	<u>(78,980)</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(2,573)</u>	<u>116</u>
Total tax (credit)	<u>(112,016)</u>	<u>(78,864)</u>

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

10 Income tax

(Continued)

The credit for the year can be reconciled to the loss per the income statement as follows:

	2022 £	Restated 2021 £
Loss before taxation	(1,976,367)	(1,687,683)
Expected tax credit based on a corporation tax rate of 19.00%	(375,510)	(320,660)
Effect of expenses not deductible in determining taxable profit	39,701	1,084
Amortisation on assets not qualifying for tax allowances	63,776	69,785
Depreciation	699	771
Capital allowances	-	(810)
Other tax adjustments	171,020	161,211
Deferred tax adjustment	(2,573)	116
Overseas tax	509	-
Deductible expenses not recognised	(9,638)	9,639
Taxation credit for the year	(112,016)	(78,864)

During the year ended 31 December 2022, the tax rate has remained at 19%. No liability to corporation tax arises from results in the period.

A deferred tax asset, at 25%, of £1,731,526 (2021: £1,002,735) has not been recognised on the basis of the uncertainty of future taxable profits.

The tax rate will be increased to 25% with effect from 1 April 2023.

11 Intangible assets

	Development costs £
Cost	
At 1 January 2021	2,286,766
Additions	1,796,070
At 31 December 2021 and 1 January 2022	4,082,836
Additions - purchased	1,139,665
Transfer	(5,222,501)
At 31 December 2022	-

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

11 Intangible assets

(Continued)

	Development costs £
Amortisation and impairment	
At 1 January 2021	606,183
Charge for the year	367,292
	<hr/>
At 31 December 2021 and 1 January 2022	973,475
Charge for the year	335,665
Transfer	(1,309,140)
	<hr/>
At 31 December 2022	-
	<hr/>
Carrying amount	
At 31 December 2022	-
	<hr/>
At 31 December 2021	3,109,361
	<hr/>
At 31 December 2020	2,547,613
	<hr/>

The intangible assets as outlined within the accounting policy relates to internally generated intangible assets as a consequence of the ongoing IP development process from 2019 to 2021 and the existing IP value of the platform which was capitalised in 2018. In 2019, the company decided to impair a portion of the intangible asset capitalised in 2018 with regards to time spent by a developer on front-end works which no longer had value. There was no impairment in 2020, 2021 and 2022.

The intangible assets were transferred to Quantessence Financial SA on 29 November 2022 as part of a business transfer agreement.

12 Property, plant and equipment

	Leasehold buildings £	Fixtures and fittings £	Total £
Cost			
At 1 January 2021	52,081	28,832	80,913
Additions	-	4,262	4,262
Disposals	-	(1,449)	(1,449)
	<hr/>	<hr/>	<hr/>
At 31 December 2021 and 1 January 2022	52,081	31,645	83,726
Non adoption of IFRS16	(52,081)	-	(52,081)
Transfer	-	(31,645)	(31,645)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	-	-	-
	<hr/>	<hr/>	<hr/>

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Property, plant and equipment

(Continued)

	Leasehold buildings £	Fixtures and fittings £	Total £
Accumulated depreciation			
At 1 January 2021	31,302	15,898	47,200
Charge for the year	7,265	3,656	10,921
Eliminated on disposal	-	(1,449)	(1,449)
At 31 December 2021 and 1 January 2022	38,567	18,105	56,672
Charge for the year	-	3,678	3,678
Non adoption of IFRS16	(38,567)	-	(38,567)
Transfer	-	(21,767)	(21,767)
Foreign currency adjustments	-	(16)	(16)
At 31 December 2022	-	-	-
Carrying amount			
At 31 December 2022	-	-	-
At 31 December 2021	13,514	13,540	27,054
At 31 December 2020	19,979	12,934	32,913

13 Investments

	Current 2022 £	2021 £	Non-current 2022 £	2021 £
Investments in subsidiaries	-	-	5,736,858	-

On 20 March 2022, Quantessence Financial Limited acquired 100 ordinary shares of 1 Euro each in Quantessence Financial SA (a Belgian entity) at an aggregate price of EUR75,000.

On 29 November 2022, Quantessence Financial Limited contributed additional capital of £4,746,962 to Quantessence Financial SA in lieu of cash consideration as part of a business transfer agreement.

On 21 December 2022, Quantessence Financial Limited injected additional capital of £925,000 to Quantessence Financial SA (a Belgian entity) in cash.

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

14 Trade and other receivables

	Current 2022 £	2021 £	Non-current 2022 £	2021 £
Other receivables	-	116,662	-	-
Amounts owed by fellow group undertakings	63,628	166,751	-	(68,151)
Prepayments	-	70,570	-	-
	<u>63,628</u>	<u>353,983</u>	<u>-</u>	<u>(68,151)</u>

Trade receivables disclosed above are classified and measured at amortised cost.

Included within amounts owed by fellow group undertakings is an intercompany loan balance with Quantessence Technology Limited of £Nil (2021: £8,313) which carries an interest rate of 3.2% and is repayable on 31 December 2036 with an early repayment option.

15 Borrowings

	2022 £	2021 £
Borrowings held at amortised cost:		
Directors' loans	-	35,844

The Director provided a loan to the company at an interest rate of 3.2% per annum. The interest accrues for four years and six months from 9 May 2017. The loan is repayable in part or in full on demand provided the demanded amount is not less than £5,000, the Group shows positive EBITDA and the demanded amount does not exceed accumulated EBITDA. The interest charged on the loan was £Nil (2021: £981).

The company did not charge interest to the Director from 1 November 2021. The Director repaid the loan in full on 18 February 2022.

16 Trade and other payables

	2022 £	Restated 2021 £
Trade payables	-	67,024
Amounts owed to fellow group undertakings	63,628	14,392
Accruals	-	88,063
Social security and other taxation	-	55,320
Other payables	-	73,120
	<u>63,628</u>	<u>297,919</u>

17 Lease liabilities

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

17 Lease liabilities

(Continued)

	2022 £	2021 £
Current liabilities	-	8,353
Non-current liabilities	-	6,504
	<u>-</u>	<u>14,857</u>
	<u>-</u>	<u>14,857</u>
	2022 £	2021 £
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	-	61
	<u>-</u>	<u>61</u>

The company's Czech office has an office property lease starting from 26 September 2016 and has been transferred to Quantessence Financial SA on 29 November 2022.

The fair value of the company's lease obligations is approximately equal to their carrying amount.

18 Deferred taxation

	Accelerated Capital Allowance £
Deferred tax liability at 1 January 2021	2,457
Deferred tax movements in prior year	
Credit to profit or loss	116
	<hr/>
Deferred tax liability at 1 January 2022	2,573
Deferred tax movements in current year	
Deferred tax movements in current year	(2,573)
	<hr/>
Deferred tax liability at 31 December 2022	-
	<hr/> <hr/>
	2022 £
	2021 £
Deferred tax liabilities	-
	2,573

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 Retirement benefit schemes

Defined contribution schemes

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.

The total costs charged to income in respect of defined contribution plans is £16,160 (2021: £12,421)

20 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Authorised, issued and fully paid				
Ordinary shares of £1 each	16	11	16	11

21 Share premium account

	2022 £	2021 £
At the beginning of the year	9,411,990	6,431,993
Issue of new shares	3,394,891	2,979,997
At the end of the year	12,806,881	9,411,990

22 Capital risk management

The company's objectives when managing capital are to safeguard their ability to continue as a going concern so that they can, moving forward, provide returns for shareholders and benefits to other stakeholders as well as maintain an optimal capital structure to reduce the cost of capital.

The capital management is done in collaboration with the Board and Euroclear Holding SA.

The company is not subject to any externally imposed capital requirements.

23 Financial risk management objectives and policies

The Company activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by accounting personnel.

(a) Market risk

(i) Currency risk

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

As at 31 December 2022, the Company is exposed to limited foreign currency exposure as a result of the business transfer to Quantessence Financial SA on 29 November 2022.

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

23 Financial risk management objectives and policies

(Continued)

(ii) **Interest rate risk**

The majority of the Company's financial assets and liabilities are non-interest bearing except for loans from parent undertaking, director loan account, lease liabilities and cash balances held at the bank and earning nominal interest. Except for loans from parent undertaking with fixed interest bearing. The Company has insignificant financial assets and financial liabilities that are exposed to interest rate risk. Changes in the interest rate would not be significant to the Company.

(b) **Credit risk**

Credit risk is the risk of financial loss to the Company if counterparties fail to meet contractual obligations. This arises principally from trade and other receivables and deposits placed with financial institutions. Trade and other receivables are reviewed to ensure timely collection. Credit risk associated with cash and bank balances is managed by placing deposits with reputable banks or financial institutions assigned high long term credit ratings. The Company has not provided any loans to third parties during the year under review and is therefore subject to minimal credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. As at 31 December 2022 and 2021, there are no financial assets past due and/or impaired.

Financial assets subject to IFRS 9's impairment requirements

The Company's financial assets subject to the expected credit loss model within IFRS 9 is trade and other receivables. For these financial assets carried at amortised cost, the Company applied the general approach. As at 31 December 2022, the total of trade and other receivables were £Nil, of which no loss allowance was provided (2021: total of £215,262, of which no loss allowance was provided). No assets are considered impaired and no amounts have been written off in the year.

The table below shows the categories of financial assets at year-end:

	2022 £	2021 £
Financial assets		
Trade and other receivables	-	215,262
Cash and cash equivalents	64,075	1,032,832

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

23 Financial risk management objectives and policies

(Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in settling a liability or selling a financial asset quickly at close to its fair value. The Company manages its liquidity risk by maintaining sufficient cash and bank balances to enable it to meet its normal operating requirements and by monitoring the Company's liquid capital. The majority of the Company's liabilities are borrowings from the Groups in the statement of financial position.

The table below shows the categories of financial liabilities at year end.

Financial liabilities	2022 £	Restated 2021 £
Trade and other payables	63,628	297,919
Retirement benefit obligations	-	2,096
Lease liability	-	14,857
Borrowings	-	35,844

As at 31 December 2022 and 2021, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values. Except the interest-bearing borrowings from parent undertaking at fair value through profit and loss, there is no other assets and liabilities carried at fair value but which the fair value is disclosed.

Maturity analysis

The company maintains adequate reserves by monitoring cash flows and matching maturity profiles of financial assets and financial liabilities. An analysis of maturity profile of financial instruments is listed below.

	On demand and less than 3 months £	3 months to 1 year £	1 year or above £	Total £
31 December 2022				
Financial Assets				
Trade and other receivables	-	-	-	-
Cash and cash equivalents	64,075	-	-	64,075
	<u>64,075</u>	<u>-</u>	<u>-</u>	<u>64,075</u>
Financial Liabilities				
Trade and other payables	63,628	-	-	63,628
Retirement benefit obligations	-	-	-	-
Borrowings	-	-	-	-
Lease liabilities	-	-	-	-
	<u>63,628</u>	<u>-</u>	<u>-</u>	<u>63,628</u>
Net position	<u>447</u>	<u>-</u>	<u>-</u>	<u>447</u>

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

23 Financial risk management objectives and policies

(Continued)

	Restated On demand and less than 3 months £	3 months to 1 year £	1 year or above £	Restated Total £
<u>31 December 2021</u>				
Financial Assets				
Trade and other receivables	90,287	116,662	8,313	215,262
Cash and cash equivalents	1,032,832	-	-	1,032,832
	<u>1,123,119</u>	<u>116,662</u>	<u>8,313</u>	<u>1,248,094</u>
Financial Liabilities				
Trade and other payables	223,434	74,485	-	297,919
Retirement benefit obligations	2,096	-	-	2,096
Borrowings	35,844	-	-	35,844
Lease liabilities	1,571	6,781	6,504	14,856
	<u>262,945</u>	<u>81,266</u>	<u>6,504</u>	<u>350,715</u>
Net position	<u>860,174</u>	<u>35,396</u>	<u>1,809</u>	<u>897,379</u>

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

24 Related party transactions

Key management personnel

The key management personnel in the year ended 31 December 2022 are the directors of the business led by Peter De Clercq and Nikolaos Papadopoulos. Management does not have any post-employment benefits.

Other transactions with related parties

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

At the year end, the company owed £Nil (2021: £14,392) to Euroclear SA.

At the year end, £3,682 (2021: £Nil) was due from the directors of the company in respect of excess expense reimbursement. It was repaid by Quantessence Financial SA (Belgium) in May 2023.

The company charged loan interest of £Nil (2021: £Nil) to Quantessence Limited. At the year end, £Nil (2021: £142,504) was owed by Quantessence Limited.

The company charged loan interest of £242 (2021: £266) to Quantessence Technology Limited and incurred £17,542 (2021: £20,890) in the profit and loss account in respect of the legal ring fencing of the Group's IP. At the year end, £Nil (2021: £20,991) was owed by Quantessence Technology Limited.

At the year end, the company owed £63,628 (2021: £Nil) to Quantessence Financial SA (Belgium).

At the year end, Quantessence Financial SA (Belgium) owed £Nil (2021: £11,568) to the company.

At the year end, £Nil (2021: £35,844) was due to the directors of the company in respect of their directors' loan account. Interest at the rate of 3.2% per annum is chargeable on the loan and accrues for four years and six months from 9 May 2017. The loan is repayable in part or in full on demand provided the demanded amount is not less than £5,000, the Group shows positive EBITDA and the demanded amount does not exceed accumulated EBITDA.

On 29 November 2022, Quantessence Financial Limited transferred all its assets and liabilities with a net book value of £4,746,962 to Quantessence Financial SA as part of a Business Transfer Agreement. This amount was settled in full by way of capital contribution in Quantessence Financial SA.

25 Controlling party

The company's parent company is Quantessence Limited and the ultimate parent company is Euroclear Holding SA, incorporated in Belgium.

QUANTESSANCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

26 Transfer of net assets to subsidiary

As part of Business Transfer Agreement, the following assets and liabilities were transferred to Quantessence Financial SA at carrying amounts as at 29 November 2022. There was no gain or loss recognised:

	£
Intangible assets	3,913,361
Property, plant and equipment	9,878
Trade and other receivables	691,448
Tax receivable	187,870
Cash at bank and in hand	381,740
Trade creditors	(398,318)
Tax payable	(39,017)
	<u>4,746,962</u>

27 Cash absorbed by operations

	2022 £	Restated 2021 £
Loss for the year after tax	(1,864,351)	(1,608,819)
Adjustments for:		
Other operating income	-	(44,240)
Deferred tax	(2,573)	116
Taxation credited	(109,443)	(78,980)
Finance costs	-	1,042
Investment income	(243)	(266)
Amortisation and impairment of intangible assets	335,664	367,293
Depreciation and impairment of property, plant and equipment	3,678	10,921
Defined contribution pension scheme non-cash movement	-	(902)
Movements in working capital:		
Increase in trade and other receivables	(371,866)	(130,156)
Increase/(decrease) in trade and other payables	128,183	(89,738)
Cash absorbed by operations	<u>(1,880,951)</u>	<u>(1,573,729)</u>

QUANTESSANCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

28 Impact of restatements

Following an internal review of the results for the year, the Directors of the Company determined that certain one-off adjustments needed to be made to its accounts for the prior financial period. The prior period adjustment relates to the accounting for accounts payable. It was discovered that several invoices in respect of administrative expenses incurred in year 2021 were not recorded. As a consequence of correcting this error, administrative expenses for the year 2021 increased by £50,730, accounts payable as at 31 December 2021 have increased by £50,730 and accumulated losses brought forward for the year ended 31 December 2021 have increased by £50,730. Comparative data in this report has been restated and the adjustments elaborated in notes to the accounts and the comments in this statement reflect these changes.

(a) Statement of Comprehensive income in the prior year to 31 December 2021:

	Notes	As previously reported £	Adjustments	As restated £
Revenue		2,228		2,228
Cost of sales		(41,019)		(41,019)
Gross profit/ (Loss)		(38,791)		(38,791)
Other operating income		44,240		44,240
Administrative expenses		(1,641,626)	(50,730)	(1,692,356)
Operating loss		(1,636,177)	(50,730)	(1,686,907)
Finance income		266		266
Finance costs		(1,042)		(1,042)
Loss before taxation		(1,636,953)	(50,730)	(1,687,683)
Corporate tax income		78,864		78,864
Loss and total comprehensive income for the year		(1,558,089)	(50,730)	(1,608,819)

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

28 Impact of restatements

(Continued)

(b) Company Statement of Financial Position as at 1 January 2022:

Notes	As previously reported £	Company Adjustments £	As restated £
Non-current Assets			
Intangible assets	3,109,361		3,109,361
Property, plant and equipment	27,054		27,054
Other receivables	8,313		8,313
	3,144,728		3,144,728
Current Assets			
Trade and other receivables	277,519		277,519
Current tax recoverable	143,987		143,987
Cash and cash equivalents	1,032,832		1,032,832
Total current assets	1,454,338		1,454,338
Current liabilities			
Trade and other payables	247,189	50,730	297,919
Current tax liabilities	39,017		39,017
Borrowings	35,844		35,844
Lease liabilities	8,353		8,353
Retirement benefit obligations	2,096		2,096
Total current liabilities	332,499		383,229
Net current assets	1,121,839	(50,730)	1,071,109
Non-current liabilities			
Lease liabilities	6,504		6,504
Deferred tax liabilities	2,573		2,573
Total non-current liabilities	9,077		9,077
Net Assets	4,257,490	(50,730)	4,206,760
Equity			
Share capital	11		11
Share premium	9,411,990		9,411,990
Retained earnings	(5,154,511)	(50,730)	(5,205,241)
Shareholders' equity	4,257,490	(50,730)	4,206,760

QUANTESSENCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

29 War in Ukraine

To date, the war in Ukraine has not had an impact on the company's business. The firm's Business Continuity Management has been tried and tested under Covid-19 and remains robust. Client demand has not been impacted by geopolitical events. The company continues to closely monitor the situation and is taking all necessary measures to deliver a high level of service to its clients.

30 Subsequent events

Since the closing of the accounts on 31 December 2022, Quantessence Financial Limited has received another capital injection of £940,000 and £1,445,000 from Quantessence Ltd on 14 February 2023 and 26 June 2023 respectively. Quantessence Financial Limited injected capital of £940,000 and £1,445,000 in Quantessence Financial SA/NV on 15 February 2023 and 26 June 2023 respectively.