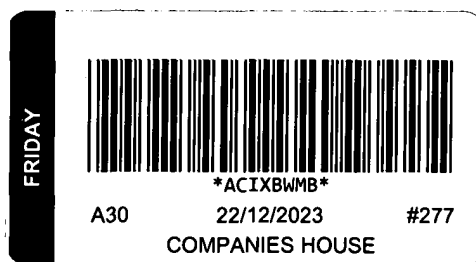


COMPANY REGISTRATION NUMBER: 10511092

THE BANK OF LONDON GROUP HOLDINGS LIMITED

Annual Report and Financial Statements for the year ended 30 December 2022



The Bank of London Group Holdings Limited

Contents of the financial statements for the year ended 30 December 2022

	Page
Company Information	2
Strategic Report	3 – 5
Directors' Report	6 – 9
Independent Auditor's Report	10 – 16
Statement of Profit or Loss and Other Comprehensive Income	17
Statement of Financial Position	18
Statement of Changes in Equity	19 – 20
Statement of Cash Flows	21
Notes to the Financial Statements	22 – 48

The Bank of London Group Holdings Limited

Company Information

Directors	W Davis Lord P B Mandelson H Schwartz A Z Ortiz M Tluszcz A G Watson CBE
Company secretary	S J M Waite
Registered office	100 Bishopsgate Bishopsgate London England EC2N 4AG
Auditors	Sedulo Audit Limited 605 Albert House 256-260 Old Street London EC1V 9DD
Company registration number	10511092 (England)

The Bank of London Group Holdings Limited

Strategic Report

The Directors present their strategic report for the Bank of London Group Holdings Limited ("the Company") for the year ended 30 December 2022.

1. Mission Statement

Our mission is to create the world's safe clearing bank, offering the first and fast purpose-built global payments and clearing platform that's powering the businesses and entrepreneurs of the future. The Bank of London is a principal clearing bank of the United Kingdom and the only mass-commercial sovereign-system reserve bank in the world.

With our patented technologies, innovations, and differentiated bank capabilities, we prioritise the preservation of our depositors' monies and market stability over chasing risk-driven returns. All client deposits are held in full and unencumbered at the Bank of England, which means we're not impacted by traditional 'bank runs'. 100% of our clients' deposits is liquid, unencumbered and immediately available upon demand, in-full, en masse. The way it should be.

2. Principal Activities

The Bank of London Group Holdings Limited is the holding company of a number of wholly-owned subsidiaries ("the Group"), of which the immediate subsidiaries include:

- The Bank of London Group Limited ("the UK Bank"), a company incorporated in the UK, focused on providing banking services to UK clients,
- TBOL Inc, a company incorporated in the US, focused on providing technology services to the Group,
- TBOL (N.I.) Limited, a company incorporated in the UK, which will act as service company for the Group.

The principal activities of the business will be to provide best-in-class business banking services to our clients in our selected geographies. The UK Bank was in the mobilisation phase in 2022, prior to its launch in Q1.

3. Review of Business

The main priorities for the Group during the period were to raise investment capital, build and develop the banking platform and capabilities to mobilise, and to secure the appropriate regulatory permissions for the Bank's market entry into the UK. The Group also commenced activities in preparation of its EU Bank application that was submitted in 2023.

The Group recorded a net loss for the year of £41,812k (2021: £15,706k). The net loss for the year represents costs incurred in setting up infrastructure and hiring the high-calibre workforce required to develop the global capabilities and banking platform, as well as the UK Bank, to progress to exiting mobilisation and provide clearing, payment and other banking services. It also includes an impairment loss of £607k (2021: £nil) – refer to note 9 for more information.

Within the net loss, the Group earned interest income of £227k on own funds (2021: £nil).

Group expenses increased to £41,978k (2021: £15,858k) due to hiring of over 100 colleagues, increasing our spend on development software, and incurring professional fees in relation to the development of the Group.

The Group's net assets as at 30 December 2022 increased to £22,764k (2021: £16,852k).

The Company's net loss for the financial year was £15,755k (2021: £11,365k). The net assets at the end of the financial year were £56,350k (2021: £24,459k).

The Bank of London Group Holdings Limited

Strategic Report

3. Group Board Composition

As at the end of the period, the Group Board comprised of seven positions, including one executive director - the chief executive officer ("CEO"), a chairperson, three non-executive directors and two independent non-executive directors. The Group Board possesses the required combination of skills, backgrounds, experience, and knowledge for its role.

4. Decision Making

The Group Board maintains responsibility for long term and strategic decision making for the organisation, implementing the highest level of conduct and governance.

The Group Board is also responsible for determining the overall group dividend policy. The Board of the UK Bank subsidiary approve any dividend to be paid to the Company. The Group Board has delegated responsibility for managing the running of the UK Bank to the UK Bank Board.

During the year ended 30 December 2022, key decisions included:

- Progression of the UK Bank's application to the regulators to exit mobilisation
- Sourcing additional capital investment to facilitate growth
- Not proposing a dividend for the year.

5. Stakeholders

The Group Board fosters effective stakeholder relationships and has identified the key relationships, as set out below. Monitoring of these relationships is undertaken at regular intervals by executive management and reported to the Group Board.

Stakeholder	Engagement
Colleagues	Colleagues are at the centre of how the Group succeeds. The Group seeks to maintain high levels of employee engagement, including regular all-colleague communication sessions.
Clients	As of 30 December 2022, the Group had not commenced revenue generation activities and did not have active clients.
Regulators	The Group maintains an open and transparent relationship with its Regulators.
Investors	The Group works closely with its investors to ensure that the business is well understood.
Suppliers	The Group recognises the importance of its suppliers to its success. A formal supplier management and outsourcing policy is being established. Key partnership relationships are being developed.

6. Business Conduct

The Group seeks to maintain a reputation for high standards of business conduct. Throughout 2022, all colleagues participated in requisite learning covering Financial Crime, Code of Ethics and Information and Cyber Security.

The Bank of London Group Holdings Limited

Strategic Report

7. Community and Environment

The Group's impact on the community, socially and environmentally, forms part of the governance framework. The Company is proud to headline sponsor the Rainbow Honours for a further three years from 2023. The Rainbow Honours recognises and celebrates individuals, charities and businesses that have demonstrated commitment to Equity, Diversity, and Inclusion, specifically the inclusion of LGBTQ+ people. The Group partners with ESG ratings agency EcoVadis to create value for its stakeholders and drive sustainable finance through the introduction of innovative ESG-linked products.

8. People and Culture

The Group's core values define who we are when we operate at our best. As such, they are the primary prism through which we gauge if our culture is the right place for colleagues to excel. Our core values are:

- We're exceptional without exception.
- We play by the rules. We do the right thing. Always.
- We learn. Fast.
- We're ferocious in delivering amazing.
- We make the complex simple.
- We're human. We're kind.
- We give gratitude. We give back.

For further definitions of each of these values, visit the Company website at <https://www.thebankoflondon.com/join-us>

9. Principal Risks and Uncertainties

The Group's risk management objectives and policies, as well as exposures in relation to key risk types are described in the notes to the financial statements (see note 18).

During 2022 the Group's objective was to secure the capital and regulatory permissions to exit mobilisation for the UK Bank, as a result operational financial and non-financial Key Risk Indicators were not relevant.

10. Principal Risks and Uncertainties (continued)

Going forward, as a fully licensed deposit taking bank, the UK Bank has now adopted a suite of financial and non-financial Key Risk Indicators and a robust governance framework to support effective management, control and oversight.

The Group will continue to evolve its approach to risk management as the complexity of activities increases and other regulated entities are established.

10. Financial Key Performance Indicators

The Group loss for the year amounted to £41,812k (2021: £15,706k loss). Group net assets as at 30 December 2022 were £22,764k (2021: £16,852k). The results are in line with directors' expectations, given the development phase of the business.

This report was approved by the board on 21 December 2023 and signed on its behalf.


A G Watson CBE
Founder and Group CEO

The Bank of London Group Holdings Limited

Directors' Report for the year ended 30 December 2022

The directors present their report and the audited financial statements of The Bank of London Group Holdings Limited ("the Company") and its subsidiaries ("the Group") for the year ended 30 December 2022. This contains the consolidated and individual financial statements.

1. Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") adopted by the United Kingdom and the Companies Act 2006. Under company law the directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company 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.

2. Statement as to disclosure of information to auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware; and
- the person has taken all the steps that he/she ought to have taken as a director to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

3. Directors

The directors who served in office during the period are as follows ("the Directors"):

Name	Position
W Davis	Investor, Non-executive Director
Lord P B Mandelson	Deputy Group Chairperson
Baroness M J McDonagh (resigned 24 June 2023)	Non-executive Director
A Z Ortiz	Investor, Non-executive Director
H Schwartz	Group Chairperson
M Tluszcz	Investor, Non-executive Director
A G Watson CBE	Founder and Group CEO

The Bank of London Group Holdings Limited

Directors' Report for the year ended 30 December 2022

4. 2022 Key events

The Group secured investor funding to the amount of £44,241k. The Group incorporated TBOL (N.I.) Limited, a wholly-owned subsidiary based in Northern Ireland in February 2022. The Company consequently entered into a 5-year lease on office space in Belfast, Northern Ireland.

5. Events after the reporting period

In Q1 2023, the Group raised additional investor funding of £24.5m.

On 3 February 2023, the Company's UK banking subsidiary ("the UK Bank") was fully authorised by the PRA to exit mobilisation as fully licensed regulated deposit taking bank, and to commence unrestricted banking activities.

On 15 February 2023, the Company announced the appointment of Norbert Becker as Chair of the European Union (EU) region for the firm.

On 26 July 2023 TBOL Group S.A. was incorporated in Luxembourg, as a full subsidiary of the , and submitted an application to become a Credit Institution in Luxembourg to the Commission de Surveillance du Secteur Financier (CSSF) and European Central Bank (ECB).

On 2 November 2023, the Company signed an agreement for £25m of equity funding.

Other than this, the Directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Going Concern

Both the Group and Company financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons:

The Directors are satisfied that the Group and Company will have the financial resources to continue business for the foreseeable future and meet cash and regulatory capital requirements for at least the next 12 months.

In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet and future financial projections, including profit, cash flow and capital forecasts, under a range of business scenarios. The Directors have also considered and been encouraged by the revenue momentum seen in 2023 when reviewing the projections.

The Directors have prepared cash flow forecasts covering at least 12 months from the date of signing the financial statements, including severe but plausible downside scenarios. The base case scenario includes a further capital raise which is well underway, and new investment injected in the first half of 2024.

The severe but plausible downside cash flow forecasts, assume no further fund raising and modest revenue growth during the forecast period, and indicate that the Group and Company have sufficient cash resources to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

The Bank of London Group Holdings Limited

Directors' Report for the year ended 30 December 2022

6. Going Concern (continued)

Assessment of expenditure and timing of revenue or fundraising is continually and diligently monitored and, if potential delays were identified, the Directors consider they would be able to take additional, reasonable mitigating actions. This includes but is not limited to reduced hiring; reduced discretionary expenditure, slower development and investment which would enable the Group and Company to continue to operate within its existing cash resources for an extended period.

The Group applied to the Prudential Regulatory Authority ("PRA") and the Financial Conduct Authority ("FCA") for a UK banking license and the UK Bank was granted 'Authorised with Restrictions' ("AWR") status in October 2021 and a full (unrestricted) license on 3 February 2023. The Group commenced operations and started to onboard clients and generate revenue in April 2023.

An external fundraise of £25m has been finalised and will be injected in Q4 2023. This ensures that the Group continues to meet cash needs as well as the relevant regulatory capital requirements as set out by the PRA for a period of at least 12 months from the date of approval of the financial statements. The Group has cash and cash equivalents at 30 December 2022 of £22.7m (2021: £18.4m).

Based on the above factors the Directors are satisfied that the Group and Company have adequate resources to enable the Group and Company to continue discharging their liabilities and realising their assets for at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Group and Company financial statements.

7. Matters Covered in the Strategic Report

Details regarding a review of the business and principal risk and uncertainties are provided in the Strategic Report on pages 3-5.

8. Future Developments

The Group continues to invest in a number of ongoing initiatives such as developing the features of its banking platform, bringing new products and services to market, establishing a high performing team and entering into new geographies.

9. Qualifying Third-Party Indemnity Provisions

The Directors have the benefit of the indemnity provision contained in the Company's articles of association, subject to the conditions set out on the Companies Act 2006. This is a "qualifying third-party indemnity" provision as defined by section 234 of the Companies Act 2006. During the financial year ended the Directors also had the benefit of a qualifying third-party indemnity, which was in force from 26 September 2022 and remains in force.

10. Political donations and expenditure

The Company did not make any political or charitable donations during the period under review (2021: £ Nil).

11. Dividends

The Directors do not recommend the payment of a dividend for the year ended 30 December 2022 (2021: £nil).

The Bank of London Group Holdings Limited

Directors' Report for the year ended 30 December 2022

12. Auditors

The auditors, Siculo Audit Limited, have indicated their intention to resign following the signing of this annual report. A resolution to appoint Ernst & Young LLP will be proposed at the next Group Board Meeting.

This report was approved by the board of directors on 21 December 2023 and signed on its behalf.

Anthony Watson

A G Watson CBE

Founder and Group CEO

Independent Auditor's Report

To the Members of The Bank of London Group Holdings Limited

Report on the Audit of the Annual Report and Financial Statements

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of The Bank of London Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 December 2022, which comprise statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity for the year ended 30 December 2022 and statement of cash flows for the year then ended, and notes to the annual report and 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 group and the parent 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the Key Audit Matters section of our report.

Independent Auditor's Report

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 group's and the parent 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Overview of our audit approach

Overall materiality:

Group: £372,000 which represents 1% of the group's gross assets.

Parent company: £683,000, which represents 1% of the parent company's gross assets, capped at £335,550, which represents 90% of group materiality.

Key audit matters were identified as:

- Share-based payments (new)
- Going Concern
- Intangible Assets

Key changes in the scope of the audit from prior year include the new risks around share based payments.

We were able to perform audit work on all entities within the group without the use of component auditors.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter:

The Group have entered into a number of Share Based Payment contracts in the year which contain significant judgment, the impact of which affects the UK subsidiary. We identified the following to be the significant risk, which was one of the most significant assessed risks of material misstatement due to fraud or error:

- Valuation
- Judgment over grant and vesting dates

In responding to the key audit matter, we performed the following audit procedures:

- Review management papers setting out the key assumptions and adherence to the accounting standards
- Where applicable use specialists as part of the audit team to assess the valuation
- Consider Financial Reporting disclosures in line with the standards
- Ensure we agree management judgment to underlying supporting information including legal correspondence and share agreements

Independent Auditor's Report

Relevant disclosures in the Annual Report and financial statements 30 December 2022

The group's accounting policy is shown in note 1 and note 19 (share-based payments) to the financial statements and related disclosures are included within this note.

Our results

Our work did not identify any material misstatements concerning the recognition and valuation of Share Based Payments. We are satisfied that the accounting policies are appropriate.

Key audit matter:

The Group is in the growth phase incurring significant costs while only able to start trading in the UK in March 2023. Therefore the forecasts used by management in the assessment of Going Concern contain significant judgment, the impact of which affects the parent company and its subsidiary, we identified the following to be the significant risk, which was one of the most significant assessed risks of material misstatement due to fraud or error:

- revenue and cost assumptions

In responding to the key audit matter, we performed the following audit procedures:

- we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as global conflict and the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period. A key factor in the consideration was the funding round which completed on XX November 2023.

Relevant disclosures in the Annual Report and financial statements 30 December 2022

The company's accounting policy is shown in note 1.3 (going concern) to the financial statements and related disclosures are included within this note.

Our results

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.

Key audit matter:

The Group has been developing intangible assets over the last couple of years and expect to start realising the benefits from them as they go live with clients, we identified the following to be the significant risk, which was one of the most significant assessed risks of material misstatement due to fraud or error:

- valuation

In responding to the key audit matter, we performed the following audit procedures:

- we considered the methodology used by management when reviewing for impairment.
- we considered the assumptions identified in the impairment of assets to ensure that facts and circumstances related to the year rather than the initial recognition under IAS38
- we considered forecasts to ensure they aligned with our understanding of Going Concern

Relevant disclosures in the Annual Report and financial statements 30 December 2022

The company's accounting policy on intangibles is shown in note 1.5 (Intangible assets) & 1.8 (impairment of assets) to the financial statements and related disclosures are included within this note.

Our results

Our application of materiality

Materiality was determined as follows:

Materiality threshold: Group - £372,000 which is 1% of gross assets at planning.
Company - £335.550 which is capped at 90% of group.

Materiality for the current year is higher than the level that we determined for the year ended 31 December 2021 due to the growth in assets in the group.

We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality threshold: Group - £279,000 which is 75% of financial statement materiality.
Company - £251,660 which is 75% of financial statement materiality.

In determining performance materiality, we made the following significant judgements: that the Bank has stable business activities given it continued not to be a trading entity in the year and that limited adjustments were identified during previous years' audit engagements and that there were limited control findings identified in previous audit engagements.

We determine a threshold of £18,600 (group) and £16,775 (company) for reporting unadjusted differences to the audit committee.

We performed a risk-based audit that requires an understanding of the group's business and in particular matters related to:

Understanding the parent company and its subsidiaries, their environments, including group-wide controls

- the engagement team obtained an understanding of the group and parent company and its environment, including company wide controls, and assessed the risks of material misstatement at the company level; and
- gained an understanding of the financial reporting and accounts production process.
- the audit team scoped the audit risks at planning, with the team able to perform the audit over both UK subsidiary and the Group which holds a centralised finance team overseeing the remaining subsidiaries.

Changes in approach from previous period

- There is one new risk in relation to share based payments in the current year.

Independent Auditor's Report

Reporting on other information

The directors are responsible for the other information. The other information comprises all of the information in the annual report other than the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify any 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.

With respect to the Strategic Report and the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and directors' report

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 period ended 30 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have no exceptions to report arising from this responsibility.

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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

Auditors' responsibilities for the audit of the financial statements

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

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

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

The primary responsibility for the prevention and detection of fraud rests with directors and management, and we cannot be expected to detect non-compliance with all laws and regulations.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our knowledge of the business and sector, enquiries of directors and management, and review of regulatory information and correspondence. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.

We discussed with directors and management the policies and procedures in place to ensure compliance with laws and regulations and otherwise prevent, deter and detect fraud.

The group is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the group financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur; financial reporting legislation, tax legislation, anti-bribery legislation and employment law;

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified as potentially having a material effect on the financial statements. Our procedures included review of financial statement information and testing of that information, enquiry of management and examination of relevant documentation, analytical procedures to identify unusual or unexpected relationships that may indicate fraud, and procedures to address the risk of fraud through director or management override of controls, including but not limited to journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations;

The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the industry in which the client operates
- understanding of the legal and regulatory requirements specific to the entity/regulator entity including:
 - the provisions of the applicable legislation;
 - the regulator's rules and related guidance, including guidance issued by relevant authorities that interprets those rules; and
 - the applicable statutory provisions

Independent Auditor's Report

Other matters which we are required to address

Following the recommendation of the Board we were re-appointed 19 December 2022 to audit the financial statements for the year ending 31 December 2022. Our total uninterrupted period of engagement is 18 months, covering the years ended 31 December 2021 and 31 December 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company on establishing it was a Public Interest Entity and we remain independent of the company in conducting our audit. Previously we have provided tax compliance and accounts preparation services to the Company.

Our audit opinion is consistent with the additional report to the Board Audit Committee.

Use of our report

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



Diccon Thornely (Senior Statutory Auditor)

for and behalf of Sedulo Audit Limited
Statutory Auditors
605 Albert House
256-260 Old Street
London
EC1V 9DD

Date: 21 December 2023

The Bank of London Group Holdings Limited

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30

December 2022

	Note(s)	Group		Company	
		2022	2021	2022	2021
		Restated		Restated	
		£'000	£'000	£'000	£'000
Other income	3	-	194	-	146
Other operating gains		130	2	153	-
Administrative expenses		(41,978)	(15,858)	(15,900)	(11,511)
Operating loss	4	(41,848)	(15,662)	(15,747)	(11,365)
Interest receivable and similar income	5	227	-	-	-
Finance costs		(191)	(44)	(8)	-
Loss before taxation		(41,812)	(15,706)	(15,755)	(11,365)
Taxation	6	-	-	-	-
Total comprehensive loss for the year		(41,812)	(15,706)	(15,755)	(11,365)

There has been no other comprehensive income or expense other than the loss for the period 30 December 2022 shown above (2021: nil).

All income is attributable to the shareholders of the Parent company.

The Bank of London Group Holdings Limited

Statement of Financial Position as at 30 December 2022

	Note(s)	Group			Company		
		2022	2021	01-Jan-21	2022	2021	01-Jan-21
		£'000	Restated £'000	Restated £'000		Restated £'000	Restated £'000
ASSETS							
Non-Current Assets							
Property, plant and equipment	7	230	-	-	57	-	-
Right-of-use-assets	8	5,368	5,107	-	943	-	-
Intangible assets	9	3,024	1,822	861	1,162	1,025	861
Investments in subsidiaries	10	-	-	-	31,540	22,540	-
Investments at fair value	11	207	-	-	207	-	-
		8,829	6,929	861	33,909	23,565	861
Current Assets							
Trade and other receivables	12	2,626	379	-	22,602	7,143	3,286
Cash and cash equivalents	13	22,722	18,446	11,609	6,128	18,319	11,552
		25,348	18,825	11,609	28,730	25,462	14,838
Non-current assets held for sale and assets of disposal groups	14	-	556	-	-	-	-
Total Assets		34,177	26,310	12,470	62,639	49,027	15,699
EQUITY AND LIABILITIES							
Liabilities							
Non-Current Liabilities							
Lease liabilities relating to right-of-use assets	8	4,154	4,006	-	759	-	-
Current Liabilities							
Trade and other payables	15	5,556	4,139	1,271	5,301	24,568	670
Lease liabilities relating to right-of-use assets	8	1,703	1,313	-	228	-	-
		7,259	5,452	1,271	5,529	24,568	670
Total liabilities		11,413	9,458	1,271	6,288	24,568	670
Equity							
Equity		81,275	37,034	20,720	81,275	37,034	20,720
Reserves		8,052	4,569	(476)	8,243	4,838	357
Accumulated loss		(66,563)	(24,751)	(9,045)	(33,168)	(17,413)	(6,048)
		22,764	16,852	11,199	56,350	24,459	15,029
Total Equity and Liabilities		34,177	26,310	12,470	62,638	49,027	15,699

The annual report and financial statements and the notes on pages 22 to 48, were approved by the board of directors on 21 December 2023 and were signed on its behalf by:

Anthony Watson

A G Watson CBE

Founder and Group CEO, The Bank of London Group Holdings Limited (Registered number 10511092)

The Bank of London Group Holdings Limited

Statement of Changes in Equity for the year ended 30 December 2022

GROUP	Share capital £'000	Share premium £'000	Total share capital £'000	Foreign currency translation reserve * £'000	Share-based payment reserve £'000	Accumulated loss £'000	Total equity £'000
Balance as 30 December 2020	77	20,643	20,720	(833)	-	(8,688)	11,199
Correction of prior period error (net of tax)	-	-	-	-	357	(357)	-
Restated total equity as at 1 January 2021	77	20,643	20,720	(833)	357	(9,045)	11,199
Total comprehensive loss for the year	-	-	-	-	-	(11,225)	(11,225)
Foreign currency translation reserve movement	-	-	-	556	-	-	556
Issue of shares	3	16,311	16,314	-	-	-	16,314
Balance as at 30 December 2021	80	36,954	37,034	(277)	357	(20,270)	16,844
Correction of prior period error (net of tax)	-	-	-	8	4,481	(4,481)	8
Restated total equity as at 30 December 2021	80	36,954	37,034	(269)	4,838	(24,751)	16,852
Total comprehensive loss for the year	-	-	-	-	-	(41,812)	(41,812)
Foreign currency translation reserve movement	-	-	-	78	-	-	78
Issue of shares	20	44,221	44,241	-	-	-	44,241
Movement in reserve	-	-	-	-	3,405	-	3,405
Balance as at 30 December 2022	100	81,175	81,275	(191)	8,243	(66,563)	22,764

* The translation deficit represents the cumulative position of translation gains and losses arising from the conversion of the net assets of the foreign subsidiary companies to the reporting currency.

The Bank of London Group Holdings Limited

Statement of Changes in Equity for the year ended 30 December 2022

COMPANY	Share capital £'000	Share premium £'000	Total share capital £'000	Foreign currency translation reserve * £'000	Share-based payment reserve £'000	Accumulated loss £'000	Total equity £'000
Balance at 30 December 2020	77	20,643	20,720	-	-	(6,004)	14,716
Correction of prior period error (net of tax)	-	-	-	-	357	(44)	313
Restated total equity as at 1 January 2021	77	20,643	20,720	-	357	(6,048)	15,029
Total comprehensive loss for the year	-	-	-	-	-	(7,141)	(7,141)
Issue of shares	3	16,311	16,314	-	-	-	16,314
Balance as at 30 December 2021	80	36,954	37,034	-	357	(13,189)	24,202
Correction of prior period error (net of tax)	-	-	-	-	4,481	(4,224)	257
Restated total equity as at 30 December 2021	80	36,954	37,034	-	4,838	(17,413)	24,459
Total comprehensive loss for the year	-	-	-	-	-	(15,755)	(15,755)
Issue of shares	20	44,221	44,241	-	-	-	44,241
Movement in reserve	-	-	-	-	3,405	-	3,405
Balance as at 30 December 2022	100	81,175	81,275	-	8,243	(33,168)	56,350

* The translation deficit represents the cumulative position of translation gains and losses arising from the conversion of the net assets of the foreign subsidiary companies to the reporting currency. This is not relevant to the Company.

The Bank of London Group Holdings Limited

Statement of Cash Flows for the year ended 30 December 2022

		Group		Company	
	Note(s)	2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash generated from/(used in) operations	16	(36,467)	(8,287)	(46,608)	13,276
Net cash from operating activities		(36,467)	(8,287)	(46,608)	13,276
Cash flow from investing activities					
Additions to property, plant and equipment	7	(272)	-	(66)	-
Additions to right-of-use assets	8	(1,029)	(5,386)	(1,029)	-
Additions to intangible assets	9	(1,946)	(1,080)	(274)	(283)
Investment in subsidiaries	10	-	-	(9,000)	(22,540)
Additions to equity instruments		(207)	-	(207)	-
Finance costs	8	(191)	(44)	(8)	-
Net cash from investing activities		(3,645)	(6,510)	(10,584)	(22,823)
Cash flow from financing activities					
Proceeds on share issue		44,241	16,314	44,241	16,314
Movement on right-of-use asset liability		147	5,320	760	-
Net cash from financing activities		44,388	21,634	45,001	16,314
Total cash movement for the year		4,276	6,837	(12,191)	6,767
Cash at the beginning of the year		18,446	11,609	18,319	11,552
Total cash at end of the year	13	22,722	18,446	6,128	18,319

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

General information

The Bank of London Group Holdings Limited (registered number 10511092) is a private company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The registered office is 100 Bishopsgate, Bishopsgate, City of London, EC2N 4AG.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual report and financial statements are set out below.

1.1 Basis of preparation

Both the Group and Company financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") effective at the time of preparing these annual report and financial statements and the Companies Act 2006. The Directors are satisfied that the Group and Company will have the financial resources to continue business for the foreseeable future and meet cash and regulatory capital requirements, and to continue discharging their liabilities and realising their assets for at least the next 12 months from the date of approval of these financial statements.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies. They are presented in Pound Sterling, which is the Group and Company's functional currency and are rounded to the nearest thousand.

These accounting policies are consistent with the previous period.

1.2 Consolidation

The consolidated financial statements incorporate the financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the Group and are accounted for in accordance with IFRS10 - Consolidated Financial Statements.

The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investments in subsidiaries in the separate financial statements

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

1.2 Consolidation (continued)

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of the annual report and financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. 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 estimates are revised and in any future periods affected.

Judgements:

Management reviewed the significant areas of the Group's operations which require accounting judgements and estimates. The key critical areas requiring review included the following:

- **Presentation of Financial Statements - Going Concern (IAS 1)**

Management's judgement is applied in the preparation of the financial statements, including the assessment of the Company and of the Group's ability to continue as a going concern. Management has assessed the Company, and the Group's financial position, cash flow forecasts, and other relevant information to determine that it is appropriate to prepare the financial statements on a going concern basis.

- **Share-based Payment - (IFRS 2)**

The Group operates a share-based payment plan for employees and certain directors. Management exercised judgement regarding classification of equity-settled vs. cash settled transactions, selection of an appropriate valuation model, determination of grant date and associated vesting period and conditions of the underlying options. To determine the grant date of options which were issued prior to the formal adoption and implementation of the Group's share-based payment plan, management applied the substance over form principle. Management is of the opinion that this principle provides a more accurate and complete picture of events, as it gives effect to the respective awards' economic substance, rather than merely their legal form. Further key inputs required in the calculation of the share-based payment expense for each individual entity in the Group, for both the current year and prior and future periods included Management estimates in determining the fair value of the share options, assumptions regarding future share price movements, and other inputs into the valuation models, like expected volatility and the risk-free interest rate.

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

1.3 Significant judgements and sources of estimation uncertainty (continued)

Judgements:

- **Impairment of assets (IAS 36)**
Intangible assets, including but not limited to internally generated assets like patents, trademarks, and software, are assessed for impairment when there are indicators of impairment. Management is responsible for assessing whether there are any indicators of impairment of intangible assets at each reporting date. Impairment assessments require the use of judgement, in determining recoverable amounts, including the estimation of future cash flows to be derived from the intangible asset's use. Management may decide to impair intangible assets which are no longer deemed commercially viable, or in line with our internal approach.
- **Intangible Assets (IAS 38)**
Management exercises judgement in assessing whether the recognition criteria are met for each intangible asset, including internally generated intangible assets. This judgement is based on a thorough evaluation of the facts and circumstances surrounding the intangible asset, including legal rights, market conditions and the entity's ability to control and derive benefits from it.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
IT equipment	Straight line	3-5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

1.4 Property, plant and equipment (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. These consist of patents, trademarks and a domain.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

1.5 Intangible assets (continued)

Amortisation is provided to write down the intangible assets, as disclosed in profit or loss, on a straight-line basis, to their residual values as follows:

Item	Amortisation method	Average useful life
Patents, trademarks and other rights	Straight line	10 years
Capitalised development costs	Straight line	10 years
Domain names	Straight line	10 years

1.6 Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or

Financial liabilities:

- Amortised cost

Note 18 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

Trade and other receivables Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 12).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

1.6 Financial instruments (continued)

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency.

The carrying amount is then translated to the Pound Sterling equivalent using the spot rate at the end of each reporting period.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 18).

Trade and other payables Classification

Trade and other payables (note 16), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Group or Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (Note 8).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 18 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

1.6 Financial instruments (continued)

Derecognition Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification Financial assets

The Group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied retrospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.7 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

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.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense (note 4) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

1.7 Leases (continued)

Group as lessee

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the Group is a lessee are presented in note 8 right-of-use assets.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 8).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is reassessed when there is a change in lease payments. Change in lease payments arising from a change in the lease terms or a change in the assessment of an option to purchase a leased asset.

The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurements of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss. Interest charged on the lease liability is included in finance costs.

Right-of-use assets

Lease payments included in the measurement of the right-of-use lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

The Group depreciates the right-of-use asset on a straight-line basis from the lease 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 Group also assesses the right-of-use asset for impairment when such indicators exist.

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

1.7 Leases (continued)

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Depreciation method	Average useful life
Property	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.8 Impairment of assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

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

1.10 Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in Pound Sterling which is the Group's functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pound Sterling, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the average exchange rate; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the Group receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the Group initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, Group determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual report and financial statements are recognised in profit or loss in the period in which they arise.

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

1.10 Translation of foreign currencies (continued)

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Pound Sterling by applying to the foreign currency amount the exchange rate between the Pound Sterling and the foreign currency at the date of the cash flow.

Investments in subsidiaries

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of share capital.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment and then reclassified through to other comprehensive income on disposal of net investment.

Investments in subsidiaries

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.11 Non-current assets (disposal groups) held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups are classified as held for distribution to owners when the entity is committed to distribute the asset or disposal group to the owners. This condition is regarded as met only when the distribution is highly probable and the asset (or disposal group) is available for immediate distribution in its present condition, provided the distribution is expected to be completed within one year from the classification date.

Non-current assets (or disposal groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

1.11 Non-current assets (disposal groups) held for sale (continued)

A non-current asset is not depreciated (or amortised) while it is classified as held for sale (held for distribution to owners), or while it is part of a disposal group classified as such.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss.

1.12 Revenue from contracts with clients

Revenue is measured based on the consideration specified in a contract with a client and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a client.

1.13 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4	1 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	1 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	1 January 2021	The impact of the amendments is not material.

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 30 December 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	1 January 2023
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	1 January 2023
• Definition of accounting estimates: Amendments to IAS 8	1 January 2023
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023
• IFRS 17 Insurance Contracts	1 January 2023

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

3. Other operating income

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
R&D Tax claim		146		146
Paycheck Protection Program loan forgiven	-	48	-	-
		194		146

The company successfully applied to HMRC for a research and development claim related to intellectual properties and patents, which have been created by developing technological portals that focus on compliance, custodian services, security and cryptoassets. This enables real time processing payments to be produced facilitating faster payments and enhanced settlement/clearing rates.

TBOL Inc applied for a Paycheck Protection Program loan during the initial stages of the COVID-19 pandemic. This was forgiven in the prior period.

4. Operating profit (loss)

Operating loss for the year is stated after charging (crediting) the following, amongst others:

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Auditor's remuneration - external				
Audit fees	92	36	59	23
Financial statement preparation	8	16	5	11
Taxation services	1	2	-	1
	101	54	64	35
Employee costs				
Salaries, wages, bonuses and other benefits	16,429	2,806	4,409	861
Retirement benefit plans: Defined contribution expense	572	15	147	2
Share-based compensation expense - equity settled	3,405	4,481	2,967	4,225
	20,406	7,302	7,523	5,088

The above employee costs exclude capitalised staff costs of £750k (2021: £521k).

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

4. Operating profit (loss) (continued)

Average number of staff employed during the year

	Group		Company	
	2022	2021	2022	2021
Board and Executive	11	4	7	2
Administration	26	3	4	-
Product, Technology and Operations	80	12	17	-
	117	19	28	2

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Depreciation and amortisation				
Depreciation of property, plant and equipment	42	-	9	-
Depreciation of right-of-use asset	1,301	277	86	-
Amortisation of intangible assets	136	119	136	120
Total depreciation and amortisation	1,479	396	231	120

5. Interest receivable and similar income

Interest receivable represents interest income of £227k (2021: £nil) earned on funds held in the Bank of England reserve account.

6. Taxation

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Reconciliation of the accounting profit and tax expense				
Accounting loss	(41,812)	(15,706)	(15,755)	(11,365)
Tax at the applicable tax rate (19%) (2021:19%)	(7,945)	(2,984)	(2,993)	(2,159)
Tax effect of adjustments on taxable income				
Deferred tax asset not recognised	7,945	2,984	2,993	2,159
	-	-	-	-

The Company has losses of approximately £17.7m to carry forward and utilise against future trading profits (2021: £8.6m). A deferred tax asset of £7.9m (2021: £3m) has not been provided in respect of these losses due to the uncertainty over the timing of their recovery.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. As there are no deferred taxes being recognised, this has no impact on the financial statements.

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

7. Property, plant and equipment

	IT equipment £'000	Total £'000
GROUP		
Opening balance as at 1 January 2021	-	-
Current period depreciation	-	-
Carrying value as at 30 December 2021	-	-
Addition	272	272
Current period depreciation	(42)	(42)
Carrying value as at 30 December 2022	230	230

	IT equipment £'000	Total £'000
COMPANY		
Opening balance as at 1 January 2021	-	-
Current period depreciation	-	-
Carrying value as at 30 December 2021	-	-
Addition	66	66
Current period depreciation	(9)	(9)
Carrying value as at 30 December 2022	57	57

8. Right-of-use assets

The Group leases some of its premises on operating lease. The average lease term is 5 years. Details of premises where property leases are in effect as at 30 December 2022, and the remaining term, are as follows:

Description of premises	Physical address	Area	Escalation rate	Remaining lease term as at 30 Dec 2022
New York Office:	888 7th Avenue, New York, NY	1,884sqm	0.00%	43 months
Belfast Office:	1 Lanyon Place, Belfast, NI	621sqm	0.00%	55 months

Net carrying amounts of right-of-use assets: Property

The carrying amount of right of use assets included in following line items:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Carrying value as at 1 January	5,107	-	-	-
Additions to right of use assets	1,029	5,384	1,029	-
Foreign currency translation	533	-	-	-
Current period depreciation	(1,301)	(277)	(86)	-
Carrying value as at 30 December	5,368	5,107	943	-

Depreciation recognised on each class of right-of-use assets (Property), includes depreciation which has been expensed in the total depreciation charge in profit or loss (Note 4).

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

8. Right-of-use assets (continued)

Other disclosures	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Interest expense on lease liabilities relating to right-of-use property	191	44	8	-

Lease liabilities relating to right-of-use assets

Lease liabilities have been included in the lease liabilities relating to right-of-use assets line item on the statement of financial position.

The maturity analysis of lease liabilities is as follows:

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Within one year	1,703	1,313	228	-
Two to five years	4,526	4,610	819	-
More than five years	-	-	-	-
	6,229	5,923	1,047	-
Less finance charges component	(372)	(604)	(60)	-
	5,857	5,319	987	-
Non-current liabilities	4,154	4,006	759	-
Current liabilities	1,703	1,313	228	-
	5,857	5,319	987	-

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

9. Intangible assets

GROUP	Patents & trademarks	Intangible assets under development	Capitalised development costs	Domain names	Total
	£'000	£'000	£'000	£'000	£'000
Opening balance as at 1 January 2021	17	-	326	518	861
Additions to intangible assets	15	797	-	268	1,080
Current period amortisation	(3)	-	(40)	(76)	(119)
Carrying value as at 30 December 2021	29	797	286	710	1,822
Additions to intangible assets	-	1,848	-	98	1,946
Impairment of intangible assets	-	(607)	-	-	(607)
Current period amortisation	(4)	-	(41)	(92)	(137)
Carrying value as at 30 December 2022	25	2,038	245	716	3,024

COMPANY	Patents & trademarks	Intangible assets under development	Capitalised development costs	Domain names	Total
	£'000	£'000	£'000	£'000	£'000
Opening balance as at 1 January 2021	17	-	326	518	861
Additions to intangible assets	15	-	-	268	283
Current period amortisation	(3)	-	(40)	(76)	(119)
Carrying value as at 30 December 2021	29	-	286	710	1,025
Additions to intangible assets	-	176	-	98	274
Current period amortisation	(4)	-	(41)	(92)	(137)
Carrying value as at 30 December 2022	25	176	245	716	1,162

Other information

The asset under development has arisen as result of employee and subcontractor costs incurred by Group, related to the design of an intangible asset, to be utilised by the Group in future periods.

As part of the year end process, management assessed any indicators of impairment in value of the assets under development, and identified intangible assets which will no longer be commercialised as initially intended. In the current year the Group recognised an impairment loss of £607k (2021: nil) on internally generated assets which we believe no longer meet the criteria of IAS 38 in terms of economic viability, due to changes in both the Group's internal approach and external commercial strategies.

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

10. Interests in subsidiaries including consolidated structured entities

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Name of company	Held by	Voting 2022 %	Voting 2021 %	Holding 2022 %	Holding 2021 %	Carrying amount 2022 £'000	Carrying amount 2021 £'000
The Bank of London Group Limited (London, United Kingdom)	The Bank of London Group Holdings Limited	100	100	100	100	31,540	22,540
TBOL Inc. (United States of America)	The Bank of London Group Holdings Limited	100	100	100	100	-	-
TBOL (N.I.) Limited	The Bank of London Group Holdings Limited	100	100	100	100	-	-
TBOL Technologies Inc. (United States of America)	TBOL Inc.	100	100	100	100	-	-
FSP Technologies Incorporated (United States of America)	TBOL Inc.	100	100	100	100	-	-
Cortex MCP Inc. (United States of America)	TBOL Inc.	-	100	-	100	-	-
						31,540	22,540

All subsidiaries are reporting for the year ended as at 31 December financial reporting period.

11. Investment at fair value

Investments held by the group which are measured at fair value, are as follows:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Equity investments at fair value through other comprehensive income:				
Unlisted shares	207	-	207	-
	207	-	207	-

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

12. Trade and other receivables

Investments held by the group which are measured at fair value, are as follows:

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Financial instruments:				
Amounts owed by group undertakings	-	-	22,381	7,135
Accrued income	-	-	-	-
Trade receivables at amortised cost	-	-	22,381	7,135
Deposit related to right-of-use asset	1,187	328	-	-
Other receivable	772	-	-	-
Non-financial instruments:				
Prepayments	667	51	221	8
Total trade and other receivables	2,626	379	22,602	7,143

13. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents comprise of:				
GBP	22,515	18,319	6,128	18,319
USD	207	127	-	-
	22,722	18,446	6,128	18,319

14. Discontinued operations or disposal groups or non-current assets held for sale

TBOL Inc. sold its entire shareholding in Cortex MCP Inc. in the United States of America. The disposal of the asset was concluded in August 2022 for deferred consideration that remains payable as at 30 December 2022.

The sale has not resulted in a loss for the group before tax and any related selling costs.

15. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade payables	2,766	1,581	1,442	503
Amounts owed to group undertakings	-	-	2,098	22,222
Social security, taxes and wages	729	427	259	160
Accrued expenses	2,061	2,131	1,502	1,683
	5,556	4,139	5,301	24,568

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

16. Cash generated from/(used in) operations

	Note(s)	Group		Company	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Loss before taxation		(41,812)	(15,706)	(15,755)	(11,365)
Adjusted for:					
Depreciation and amortisation	8 & 9	1,479	396	231	120
Share-based payments		3,405	4,481	3,405	4,481
Finance costs		191	44	8	-
Other non-cash items		154	1	-	-
Changes in working capital:					
Trade and other receivables		(1,689)	(379)	(35,584)	(3,856)
Trade and other payables		1,805	2,876	1,087	23,896
		(36,467)	(8,287)	(46,608)	13,276

17. Related parties

Key Management

Key Management personnel are those having the authority and responsibility of planning, directing and controlling the activities of the Group, and includes the directors which are listed in the Directors' Report on page 7. Additional personnel of the Group who have been identified to be part of key management include the three Co-presidents of the firm.

	Company	
	2022 £'000	2021 £'000
Details of key management remuneration:		
Salaries and wages	1,921	701
Social security costs	187	53
Pension costs	38	1
Other benefits	10	6
Share-based payment expense	1,602	360
	3,758	1,121

Details of directors' remuneration:

Salaries and wages	1,023	40
Social security costs	121	5
Pension costs	-	-
Other benefits	-	-
Share-based payment expense	1,221	22
	2,365	67

Details of highest paid directors' remuneration:

Salaries and wages	183	25
Social security costs	-	3
Pension costs	-	-
Other benefits	-	-
Share-based payment expense	1,091	19
	1,274	47

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

17. Related parties (continued)

Related party balances

The only related party balances at 30 December 2022 are those disclosed under the trade and other receivables and the trade and other payables notes respectively. Refer to notes 12 and 15 for further details. The Company has taken advantage of the exemption provided under IAS 24 (Related Party Disclosures), to not disclose additional information related to transactions and balances with wholly-owned subsidiaries.

18. Financial instruments and risk management

- Categories of financial assets

	Note(s)	Equity instruments	Amortised cost	Leases	Total	Fair value
		£'000	£'000	£'000	£'000	£'000
GROUP - 2022						
Investments at fair value	11	207	-	-	207	207
Trade and other receivables	12	-	2,626	-	2,626	2,626
Cash and cash equivalents	13	-	22,722	-	22,722	22,722
		207	25,348	-	25,555	25,555
GROUP - 2021						
Trade and other receivables	12	-	379	-	379	379
Cash and cash equivalents	13	-	18,446	-	18,446	18,446
		-	18,825	-	18,825	18,825
COMPANY - 2022						
Investments at fair value	11	207	-	-	207	207
Trade and other receivables	12	-	22,602	-	22,602	22,602
Cash and cash equivalents	13	-	6,128	-	6,128	6,128
		207	28,730	-	28,937	28,937
COMPANY - 2021						
Trade and other receivables	12	-	7,143	-	7,143	7,143
Cash and cash equivalents	13	-	18,319	-	18,319	18,319
		-	25,462	-	25,462	25,462

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

18. Financial instruments and risk management (continued)

- Categories of financial liabilities

	Note(s)	Amortised cost	Leases	Total	Fair value
		£'000	£'000	£'000	£'000
GROUP - 2022					
Trade and other payables	15	5,556	-	5,556	5,556
Lease liabilities relating to right-of-use assets	8	-	5,857	5,857	5,857
		5,556	5,857	11,413	11,413
GROUP - 2021					
Trade and other payables	15	4,139	-	4,139	4,139
Lease liabilities relating to right-of-use assets	8	-	5,319	5,319	5,319
		4,139	5,319	9,458	9,458
COMPANY - 2022					
Trade and other payables	15	5,301	-	5,301	5,301
Finance lease obligations	8	-	987	987	987
		5,301	987	6,288	6,288
COMPANY - 2021					
Trade and other payables	15	24,568	-	24,568	24,568
		24,568	-	24,568	24,568

Risk management

The Group's risk approach is embedded in its core values, which means following the applicable rules, and doing the right thing, always. Strong, effective risk management enables the Group to execute its strategic objectives consistent with its Risk Appetite.

Risk Management Framework

The Group risks are laid out below and the order in which they are shown does not imply their importance. All are equally important in assessing the performance of the Group in the context of its overall risk appetite. The Principal Risks will be reviewed by the Board each year in line with the Strategic and Annual Planning processes and monitored on an ongoing basis.

The Group's approach to identifying and managing risks continued to evolve throughout the period of the UK Bank's mobilisation. Refer to the UK Bank financial statements for more detail on specific risks at UK Bank level.

PRINCIPAL RISK	DEFINITION
FUNDING	Failure to raise the funds needed to support the planned business investment and growth.
FINANCIAL CRIME	Failure to design and/or deliver processes, systems, and controls sufficient to achieve the goal of zero appetite to knowingly allow financial crime across regions.

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

18. Financial instruments and risk management (continued)

Risk Management Framework (continued)

PRINCIPAL RISK	DEFINITION
STRATEGIC	Failure of the business model due to product/market fit, client demand, competition of economic conditions.
EXECUTION	Failure to deliver on the development of the platform and proposition to effectively and efficiently meet client and market needs.
OPERATIONAL	Failure of our platform or other systems impacting business critical activities and clients.
REPUTATIONAL	The potential for issues with a client, board member, employee, third party or outcomes of other risks listed that adversely impact our brand.
REGULATORY	Inability to obtain and/or maintain our full suite of regulatory permissions will impact our business model, brand and reputation

The Group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are primarily met through cash generated by issuance of shares.

All the Company's liabilities, with the exception of the lease related to the right-of-use assets, are current in nature and are payable on demand.

The capital structure and gearing ratio of the Group at the reporting date was as follows:

	Note(s)	Group		Company	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Lease liabilities relating to right-of-use assets		5,857	5,319	987	-
Trade and other payables	15	5,556	4,139	5,301	24,568
Total borrowings		11,413	9,458	6,288	24,568
Cash and cash equivalents	13	(22,722)	(18,446)	(6,128)	(18,319)
Net borrowings		(11,309)	(8,988)	160	6,249
Equity		22,764	16,852	56,350	24,459
Gearing ratio		-50%	-53%	0%	26%

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

18. Financial instruments and risk management (continued)

Financial risk management

Liquidity risk

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

	Note	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
		£'000	£'000	£'000	£'000	£'000	£'000
GROUP - 2022							
Non-current liabilities							
Lease liabilities relating to right-of-use assets		-	1,703	2,451	-	4,154	4,154
		-	-	-	-	-	-
Current liabilities							
Trade and other payables	15	5,556	-	-	-	5,556	5,556
Lease liabilities relating to right-of-use assets		1,703	-	-	-	1,703	1,703
		(7,259)	(1,703)	(2,451)	-	(11,413)	(11,413)

GROUP - 2021

Non-current liabilities							
Lease liabilities relating to right-of-use assets		-	1,313	2,693	-	4,006	4,006
		-	-	-	-	-	-
Current liabilities							
Trade and other payables	15	4,139	-	-	-	4,139	4,139
Lease liabilities relating to right-of-use assets		1,313	-	-	-	1,313	1,313
		(5,452)	(1,313)	(2,693)	-	(9,458)	(9,458)

	Note	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
		£'000	£'000	£'000	£'000	£'000	£'000
COMPANY - 2022							
Non-current liabilities							
Lease liabilities relating to right-of-use assets		-	228	531	-	759	759
		-	-	-	-	-	-
Current liabilities							
Trade and other payables	15	5,301	-	-	-	5,301	5,301
Lease liabilities relating to right-of-use assets		228	-	-	-	228	228
		(5,529)	(228)	(531)	-	(6,288)	(6,288)

COMPANY - 2021

Current liabilities							
Trade and other payables	15	24,568	-	-	-	24,568	24,568
		(24,568)	-	-	-	(24,568)	(24,568)

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

18. Financial instruments and risk management (continued)

Financial risk management

Foreign currency risk

The Group is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the Group deals primarily are US Dollars.

Exposure in Pound Sterling

The net carrying amounts, in Pound Sterling, of the various exposures, are denominated in the following currencies. The amounts have been presented in Pound Sterling by converting the foreign currency amounts at the closing rate at the reporting date:

	Note	Group		Company	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
US Dollar exposure:					
Non-current assets:	12	23,185	7,008	23,774	6,879

Interest rate risk

The Group is not exposed to fluctuations in interest rates as at 30 December 2022.

19. Share-based payments

Employee Share Option Plan

In December 2022 the Group implemented The Bank of London Group Holdings Limited Share Option Plan (the "Option Plan") that had been committed to participants over the previous 4 years. The Group has granted equity-based awards over shares in the Parent to the following groups of participants (the "Participants"):

- UK-based colleagues of the Group (including employees of the UK Bank)
- Non-UK-based colleagues (including US employees of the Group)
- Non-executive directors ("NEDs") and contractors of the Group.

Options issued under the Option Plan allow Participants the right to acquire Ordinary Shares of £0.10 each in the Parent in the future, at a set price, provided that certain conditions have been met. Granted options (both vested and unvested) shall become fully exercisable at the occurrence of an exit event, which includes, but is not limited to a share sale, an asset sale and an Initial Public Offering. No options may be transferred, assigned or charged, and any purported transfer, assignment or charge shall cause the option to lapse immediately. During 2022 a total of 5 options were cancelled (2021: None), and no options were lapsed (2021: None).

The exercise price of options outstanding as at 30 December 2022 ranged between £0.10 and £395.45 (2021: £0.81 and £249.62). The weighted average exercise price of options outstanding at the end of year was £178.72 (2021: £132.12) and the weighted average remaining contractual life of outstanding options was 2.0 years (2021: 1.7 years).

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

19. Share-based payments (continued)

The Black-Scholes model was used to determine the fair value of the options granted. The associated expense is adjusted at each Statement of Financial Position date to reflect the actual number of leavers (forfeitures) and cancellations during the period, as well as the estimated remaining period to vesting.

The fair value is recognised in the Statement of Comprehensive Income on a straight-line basis, over the underlying vesting period. The total estimated cumulative fair value of options granted and outstanding at the year-end is £31.5m (2021: £7.8m). The underlying expected volatility was determined by reference to historical data of the Parent's investment rounds and selected comparators' shares over a period. No market-based conditions or special features inherent to the options granted were incorporated into measurement of fair value.

The options and awards granted up to 30 December 2022 remain outstanding.

	# Options		Weighted average exercise price		# Options		Weighted average exercise price	
	2022		2022		2021		2021	
Outstanding as at 1 January	126,639	£	132.12		57,923	£	-	
Granted	105,858	£	234.46		68,716	£	83.29	
Exercised	-		-		-		-	
Forfeited	-		-		-		-	
Lapsed	-		-		-		-	
Outstanding as at 30 December	232,532	£	178.72		126,639	£	132.12	

During the year ended 30 December 2022, a total pre-tax compensation cost of £3.4m (2021: £4.5m) was charged to the Statement of Comprehensive Income in relation to these options.

The weighted average fair value of each option granted during the year was £221.40 (2021: £91.17). Number of exercisable options at 30 December 2022 was 17,688 (2021: nil) and the weighted average exercise price of the exercisable options outstanding at 30 December 2022 was £395.45 (2021: £nil).

The fair value of the Participant services received in exchange for the grant of the options is recognised as an expense. A credit is recognised directly in equity against Share-Based Payment Reserve. The total amount to be expensed is determined by reference to the fair value of the options granted.

The UK Bank also has an arrangement with some of its non-executive directors, where those non-executive directors can elect to receive a portion of their fee in the form of equity shares of the Parent. These transactions are treated as equity-settled share-based transactions and are measured and recognised at the fair value of the liability. The UK Bank remeasures the liability at the end of the reporting period and at the settlement date, with any changes recognised in profit and loss.

The Bank of London Group Holdings Limited
Notes to the Financial Statements for the year ended 30 December 2022

20. Prior period adjustment

Subsequent to the adoption and implementation of the Group's Employee Share Option Plan on 19 December 2022, the Group identified material share-based payment costs relating to prior years. These costs were not included as part of the total staff cost in prior periods. Consequently, the posting of the prior year adjustment resulted in an increase of £3,405k in the Share-based payment reserve as at 30 December 2022 (30 December 2021, restated: £4,481k) and a related increase of £3,405k in the Group's accumulated losses as at 30 December 2022 (30 December 2021, restated: £4,481k).

Group	£'000
Balance as at 30 December 2020	-
Correction of prior period error (net of tax)	357
Restated total equity as at 1 January 2021	357
Movement in reserve	-
Balance as at 30 December 2021	357
Correction of prior period error	4,481
Restated total equity as at 30 December 2021	4,838
Movement in reserve	3,405
Balance as at 30 December 2022	8,243

21. Events after the reporting period

In Q1 2023, the Company raised additional investor funding of £24.5m.

On 3 February 2023, the UK Bank was fully authorised by the PRA to exit mobilisation as fully licensed regulated deposit taking bank, and to commence unrestricted banking activities.

On 15 February 2023, the Company announced the appointment of Norbert Becker as Chair of the European Union (EU) region for the firm.

On 26 July 2023 TBOL Group S.A. was incorporated in Luxembourg, as a full subsidiary of the Company and submitted an application to become a Credit Institution in Luxembourg to the Commission de Surveillance du Secteur Financier (CSSF) and European Central Bank (ECB).

On 2 November 2023, the Company signed an agreement for £25m of equity funding.

Other than this, the directors are not aware of any material event which occurred after the reporting date and up to the date of this report.