

Company registration number 10790251 (England and Wales)

SNAP FINANCE UK (GROUP) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

SNAP FINANCE UK (GROUP) LIMITED

COMPANY INFORMATION

Directors	M A Brunault M L Hawkins A A Smith
Company number	10790251
Registered office	1 Vincent Avenue Crownhill Milton Keynes England MK8 0AB
Auditor	Wilson Wright LLP 5 Fleet Place London EC4M 7RD

SNAP FINANCE UK (GROUP) LIMITED

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SNAP FINANCE UK (GROUP) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Fair review of the business

Snap Finance group is a point of sale retail finance business. As a challenger fintech the group specialises in retail finance solutions that enable retailers to offer credit to a broader range of customers than traditional banks. Through enhanced proprietary decisioning and a primary focus on needs-based retail sectors the group is able to responsibly help customers who are often turned away by prime lenders and banks.

The group's only subsidiary, Snap Finance Limited, is a growing company serving over 50,000 customers through a diverse retailer partner network. Many of the retail partners are independent stores or small regional chains, primarily selling furniture, flooring, automotive, and mobility solutions.

The group prides itself on responsibly enabling customers, often turned away from eye-catching 0% prime deals, to get the things they need for their house or car and spread the cost of doing so. Uniquely, all the businesses products include an interest free pay off period such as the headline PayIn4 offer.

The group has a deep expertise in a broad spectrum of underwriting credit across a range of products, retail partners, and channels, and combine this with advanced technology and payment solutions to compete with mainstream lenders.

During the year, a debt to equity swap arrangement took place between Snap Finance UK (Group) Limited, Snap Finance Holdings LLC and M Hawkins. The loan due to Snap Finance Holdings LLC of £22,055,335 and M Hawkins of £365,000, were converted into 20,420 preferred shares with a nominal value of £1,000 each.

Covid: The group spent the first months of the year patiently supporting retailers, clients, and customers, to return to normal. The economy took longer to recover than many forecasters had anticipated, which meant lending and application volume remained flat throughout the year's first six months.

Momentum began to build in H2 with robust customer application and lending volumes achieved, resulting in a strong close to the year. As the company managed the roadmap out of lockdown, a new head office was opened in Milton Keynes in July 2021, providing a new space for colleagues to work face to face, innovate and collaborate, which proved very popular.

Colleagues and a Flexible Workplace: Hybrid working remains the preferred option for the group and is popular amongst staff. Productivity and morale have remained high, reaffirmed by our employee engagement surveys and ongoing feedback from colleagues across the business. Ensuring we stay close to workplace trends and support colleagues is more vital than ever.

Credit risk: This is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge its obligations. The Group has policies aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Liquidity risk: This is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities. We aim to mitigate this risk by managing cash generation by our operations and applying cash collection targets and selling off long outstanding debt to a 3rd party.

Regulation: The Group continues to manage regulatory requirements whilst monitoring emerging regulations. Throughout the COVID period, customers were offered and utilised payment relief and forbearance programmes.

Since August 2021, Snap Finance Limited has been in close dialogue with the FCA. On a review of Snap Finance Limited's processes and policies, some areas were identified for improvement, resulting in immediate enhancements to our Customer and Compliance processes. A complete programme of work has been underway since Q4 2021 to review all processes, controls, and governance across all customer touch points with an acute focus on good customer outcomes in line with the incoming Consumer Duty Standard.

The business continues to review processes, controls, and governance across all customer touch points with an acute focus on the incoming Consumer Duty.

SNAP FINANCE UK (GROUP) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Development and performance

In 2021 the group proved their resilience in difficult market circumstances and demonstrated their commitment to our retail partners throughout the COVID pandemic. Continued COVID lockdowns throughout 2021 did cause difficulty for our retail partners to trade and as a result our lending volume. We remained committed to our partners and the industry throughout the pandemic.

Consumer demand varied through the year and the sectors consumers were interested in varied too. We were able to respond to this by entering new verticals with a good degree of success. Lending volumes started the year slowly but ended well – again a reflection of COVID patterns.

During the year, strides were made in our digital innovations across product and servicing. We further developed our chat bot SMS capability, redeveloped our application processes, and launched payment by IVR and online. Product enhancements included a new range of APR's and term lengths in response to consumer and retail demand. We also launched our 'Payin4' product – whereby consumers can pay off their loan interest free in the first four months.

Our range of interest-bearing POS products now start at 19.9% APR, with up to 4 year terms, and Payin4 included on all loans – a compelling proposition to compete with both traditional POS finance and standalone BNPL.

Key performance indicators

The key financial performance indicators (KPI's) are as follows:

	2021 £'000	2020 £'000
Gross profit	5,440	4,253
Profit/(loss) before tax	(1,976)	(2,079)

The results are set out in detail on page 8.

On behalf of the board

A A Smith
Director

22 March 2023

SNAP FINANCE UK (GROUP) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities

The principal activity of the group is providing short term loan financing to consumers through its subsidiary, Snap Finance Limited.

Going Concern

Since early 2020, the Coronavirus Disease 2019 ("COVID-19") has spread across many countries and it has affected the business and economic activities of the company to some extent. The directors together with their senior management team are closely monitoring the situation and taking the necessary cost saving steps to reinforce business continuity and maintain a strong financial position.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, particularly as the ultimate parent, Snap US Holdings LLC has agreed to continue to provide all necessary support to the company to meet the company's financial commitments for at least one year from the date of approving the financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements

Results and dividends

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

Directors

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

M A Brunault
M L Hawkins
A A Smith

Post reporting date events

On 7 December 2022, a debt to equity swap arrangement was negotiated between Snap Finance Limited and Snap Finance UK (Group) Limited to convert £20,342,203 of the outstanding loan due to Snap Finance UK (Group) Limited by Snap Finance Limited into ordinary shares.

Future developments

Details of the future developments are set out in the Strategic Report.

Auditor

In accordance with the company's articles, a resolution proposing that Wilson Wright LLP be reappointed as auditor of the group will be put at a General Meeting.

SNAP FINANCE UK (GROUP) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the on the going concern basis unless it is inappropriate to presume that the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

The directors confirm that so far as they are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors is aware of that information.

On behalf of the board

A A Smith
Director

22 March 2023

SNAP FINANCE UK (GROUP) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SNAP FINANCE UK (GROUP) LIMITED

Opinion

We have audited the financial statements of Snap Finance UK (Group) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

SNAP FINANCE UK (GROUP) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SNAP FINANCE UK (GROUP) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Capability of the audit in detecting irregularities, including fraud:

Based on our understanding of the group and the parent company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the failure to comply with tax regulations, FCA compliance, health and safety regulations and anti-bribery and anti-corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the auditors included:

- Discussions with the directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- Identifying and testing manual journal entries, in particular any journal entries posted with unclear rationale
- Assessing management's significant judgements and estimates in particular to those relating to the recoverability of loans and FCA remediation provision.
- Discussions with legal professionals and review of FCA correspondence.

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

SNAP FINANCE UK (GROUP) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SNAP FINANCE UK (GROUP) LIMITED

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

Use of our report

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

Jeremy Asher FCA (Senior Statutory Auditor)

For and on behalf of Wilson Wright LLP

Chartered Accountants and Statutory Auditor

5 Fleet Place

London

EC4M 7RD

22 March 2023

SNAP FINANCE UK (GROUP) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Revenue	3	12,732,728	11,793,221
Cost of sales		(7,292,881)	(7,539,379)
Gross profit		5,439,847	4,253,842
Administrative expenses		(6,714,160)	(5,730,458)
Other operating income		231,991	340,326
Operating loss	4	(1,042,322)	(1,136,290)
Finance costs	8	(933,892)	(942,932)
Loss before taxation		(1,976,214)	(2,079,222)
Tax on loss	9	-	-
Loss for the financial year	25	(1,976,214)	(2,079,222)

SNAP FINANCE UK (GROUP) LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Non-current assets					
Goodwill	10		83,838		98,633
Other intangible assets	10		433,434		414,393
Total intangible assets			517,272		513,026
Property, plant and equipment	11		170,248		81,913
			687,520		594,939
Current assets					
Trade and other receivables falling due after more than one year	14	3,990,685		-	
Trade and other receivables falling due within one year	14	9,881,955		11,019,660	
Cash and cash equivalents		1,257,634		1,021,523	
		15,130,274		12,041,183	
Current liabilities	15	(6,481,338)		(24,607,991)	
Net current assets/(liabilities)			8,648,936		(12,566,808)
Total assets less current liabilities			9,336,456		(11,971,869)
Provisions for liabilities					
Provisions	18	864,536		-	
			(864,536)		-
Net assets/(liabilities)			8,471,920		(11,971,869)
Equity					
Called up share capital	21		22,420,103		100
Retained earnings	25		(13,948,183)		(11,971,969)
Total equity			8,471,920		(11,971,869)

The financial statements were approved by the board of directors and authorised for issue on 22 March 2023 and are signed on its behalf by:

A A Smith
Director

SNAP FINANCE UK (GROUP) LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Non-current assets					
Investments	12	26,875,012		22,697,542	
Current assets					
Trade and other receivables	14	100		100	
Current liabilities	15	(4,355,571)		(23,228,473)	
Net current liabilities			(4,355,471)		(23,228,373)
Net assets/(liabilities)			22,519,541		(530,831)
Equity					
Called up share capital	21	22,420,103		100	
Retained earnings	25	99,438		(530,931)	
Total equity			22,519,541		(530,831)

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £630,369 (2020 - £94,830 profit).

The financial statements were approved by the board of directors and authorised for issue on 22 March 2023 and are signed on its behalf by:

A A Smith
Director

Company Registration No. 10790251

SNAP FINANCE UK (GROUP) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 January 2020		100	(9,892,747)	(9,892,647)
Year ended 31 December 2020:				
Loss and total comprehensive income for the year		-	(2,079,222)	(2,079,222)
Balance at 31 December 2020		100	(11,971,969)	(11,971,869)
Year ended 31 December 2021:				
Loss and total comprehensive income for the year		-	(1,976,214)	(1,976,214)
Issue of share capital	21	22,420,003	-	22,420,003
Balance at 31 December 2021		22,420,103	(13,948,183)	8,471,920

SNAP FINANCE UK (GROUP) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 January 2020		100	(625,761)	(625,661)
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	94,830	94,830
Balance at 31 December 2020		100	(530,931)	(530,831)
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	630,369	630,369
Issue of share capital	21	22,420,003	-	22,420,003
Balance at 31 December 2021		22,420,103	99,438	22,519,541

SNAP FINANCE UK (GROUP) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	23				
		(20,878,357)		1,789,375	
Interest paid		(933,892)		(942,932)	
Net cash (outflow)/inflow from operating activities		(21,812,249)		846,443	
Investing activities					
Purchase of intangible assets		(207,489)		(251,662)	
Purchase of property, plant and equipment		(164,154)		(51,512)	
Net cash used in investing activities		(371,643)		(303,174)	
Financing activities					
Proceeds from issue of shares		22,420,003		-	
Net cash generated from/(used in) financing activities		22,420,003		-	
Net increase in cash and cash equivalents		236,111		543,269	
Cash and cash equivalents at beginning of year		1,021,523		478,254	
Cash and cash equivalents at end of year		1,257,634		1,021,523	

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Snap Finance UK (Group) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 1 Vincent Avenue, Crownhill, Milton Keynes, England, MK8 0AB.

The group consists of Snap Finance UK (Group) Limited and all of its subsidiaries.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

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

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the company and of its subsidiary undertaking drawn up to 31 December 2021 as detailed in note 13 to the accounts.

All intra-group 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.

1.3 Going concern

Since early 2020, the Coronavirus Disease 2019 ("COVID-19") has spread across many countries and it has affected the business and economic activities of the company to some extent. The directors together with their senior management team are closely monitoring the situation and taking the necessary cost saving steps to reinforce business continuity and maintain a strong financial position.

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future, particularly as the parent, Snap US Holdings LLC, has agreed to continue to provide all the necessary support to the group and company to meet the group and company's financial commitments for at least one year from the date of approving the financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Revenue

Group revenue comprises of interest and fee income on loans which is calculated using the effective interest method which allocates interest and loan origination fees over the expected lives of the assets.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.7 Intangible fixed assets other than goodwill

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

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

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

Software development	4 years straight line
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1.8 Property, plant and equipment

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

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

Leasehold improvements	3 years straight line
Fixtures and fittings	3 years straight line
Computer equipment	3 years straight line

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

1.9 Non-current investments

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

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

1.10 Impairment of non-current assets

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

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

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

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.12 Financial instruments

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

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

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.13 Equity instruments

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

1.14 Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.15 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

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

1.18 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.19 Leases

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

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.20 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.21 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Bad debt allowance

The bad debt allowance on customer loans is based on a fixed percentage rate. This rate was assessed using historical data of actual loans written off. A detailed review of post balance sheet collections has been undertaken to determine the actual write off percentage which the directors believe reflects an accurate picture of the total estimated bad debt write offs.

The carrying amount of the bad debt allowance at the reporting date was £7,481,469 (2020: £5,059,932)

3 Revenue

	2021	2020
	£	£
Revenue analysed by class of business		
Interest income	12,732,728	11,793,221
	<u> </u>	<u> </u>
	2021	2020
	£	£
Other revenue		
Grants received	231,991	340,326
	<u> </u>	<u> </u>

All turnover arose within the United Kingdom.

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

4 Operating loss

	2021 £	2020 £
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	(584,257)	(130,588)
Research and development costs	357,586	448,578
Government grants	(231,991)	(340,326)
Depreciation of owned property, plant and equipment	75,819	70,217
Amortisation of intangible assets	203,243	147,808
Operating lease charges	49,980	95,519
FCA remediation provision	864,536	-

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	11,000	10,000
Audit of the financial statements of the company's subsidiaries	34,000	30,000
	45,000	40,000

6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Administrative	57	51	3	3
Management	14	9	-	-
Sales	18	19	-	-
Total	89	79	3	3

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	3,498,221	3,093,238	-	-
Social security costs	377,897	344,553	-	-
Pension costs	64,432	41,333	-	-
	3,940,550	3,479,124	-	-

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	265,000	262,090

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	240,000	237,990

Key management personnel are considered to be the Board of Directors.

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to £nil (2020: £nil)

8 Finance costs

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	915,685	923,462
Other finance costs:		
Other interest	18,207	19,470
Total finance costs	933,892	942,932

9 Taxation

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

	2021 £	2020 £
Loss before taxation	(1,976,214)	(2,079,222)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(375,481)	(395,052)
Tax effect of expenses that are not deductible in determining taxable profit	91	2,265
Tax effect of utilisation of tax losses not previously recognised	-	(18,018)
Unutilised tax losses carried forward	383,466	407,251
Permanent capital allowances in excess of depreciation	(8,076)	3,554
Taxation charge	-	-

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation

(Continued)

At the reporting end date the group has unused tax losses of approximately £13,900,000 (2020: £11,000,000) available for carry forward against future profits.

10 Intangible fixed assets

Group	Goodwill £	Software development £	Development Costs £	Total £
Cost				
At 1 January 2021	147,949	49,147	631,162	828,258
Additions - internally developed	-	-	207,489	207,489
At 31 December 2021	147,949	49,147	838,651	1,035,747
Amortisation and impairment				
At 1 January 2021	49,316	49,147	216,769	315,232
Amortisation charged for the year	14,795	-	188,448	203,243
At 31 December 2021	64,111	49,147	405,217	518,475
Carrying amount				
At 31 December 2021	83,838	-	433,434	517,272
At 31 December 2020	98,633	-	414,393	513,026
Company				Software development £
Cost				
At 1 January 2021 and 31 December 2021				49,147
Amortisation and impairment				
At 1 January 2021 and 31 December 2021				49,147
Carrying amount				
At 31 December 2021				-
At 31 December 2020				-

Capitalised development expenditure represents the cost of modifying and enhancing the software currently being used to assess customer eligibility for finance.

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Property, plant and equipment

Group	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2021	-	2,171	249,585	251,756
Additions	73,459	44,520	46,175	164,154
At 31 December 2021	73,459	46,691	295,760	415,910
Depreciation and impairment				
At 1 January 2021	-	1,965	167,878	169,843
Depreciation charged in the year	10,203	6,513	59,103	75,819
At 31 December 2021	10,203	8,478	226,981	245,662
Carrying amount				
At 31 December 2021	63,256	38,213	68,779	170,248
At 31 December 2020	-	206	81,707	81,913

The company had no property, plant and equipment at 31 December 2021 or 31 December 2020.

12 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	13	-	-	71,000	71,000
Loans to subsidiaries	13	-	-	26,804,012	22,626,542
		-	-	26,875,012	22,697,542

Movements in non-current investments

Company	Shares in subsidiaries £	Loans to subsidiaries £	Total £
Cost or valuation			
At 1 January 2021	71,000	22,626,542	22,697,542
Additions	-	4,177,470	4,177,470
At 31 December 2021	71,000	26,804,012	26,875,012
Carrying amount			
At 31 December 2021	71,000	26,804,012	26,875,012
At 31 December 2020	71,000	22,626,542	22,697,542

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Snap Finance Limited	1 Vincent Avenue, Crownhill, Milton Keynes, England, MK8 0A3	Ordinary	100.00

All subsidiaries have been included in the consolidated financial statements.

14 Trade and other receivables

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade receivables	9,710,237	10,862,545	-	-
Other receivables	4,745	5,639	100	100
Prepayments and accrued income	166,973	151,476	-	-
	<u>9,881,955</u>	<u>11,019,660</u>	<u>100</u>	<u>100</u>
Amounts falling due after more than one year:				
Trade receivables	<u>3,990,685</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total debtors	<u>13,872,640</u>	<u>11,019,660</u>	<u>100</u>	<u>100</u>

15 Current liabilities

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts owed to group undertakings		4,355,571	22,800,315	4,355,571	22,800,315
Other taxation and social security		13,429	27,654	-	-
Deferred income	16	1,416,049	982,694	-	-
Other payables		61,628	428,158	-	428,158
Accruals and deferred income		634,661	369,170	-	-
		<u>6,481,338</u>	<u>24,607,991</u>	<u>4,355,571</u>	<u>23,228,473</u>

Amounts due to group undertakings are unsecured, bear interest at 5% and are repayable on demand.

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Deferred income

	Group 2021 £	2020 £	Company 2021 £	2020 £
Other deferred income	1,416,049	982,694	-	-

17 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes - subsidiary		
Charge to profit or loss in respect of defined contribution schemes	64,432	41,333

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

The charge to the income statement in respect of defined contribution pension schemes was as above, of which £5,693 (2020: £27,654) was unpaid at the statement of financial position date.

18 Provisions for liabilities

	Group 2021 £	2020 £	Company 2021 £	2020 £
	864,536	-	-	-

During the financial year, Snap Finance Limited became aware of a coding error which affected the loan decisioning on 5,860 customer applications during the period between 25 June 2019 and 23 July 2020.

For individuals who were adversely affected by the loan application decision arising from this coding error, Snap Finance Limited have agreed to remediate customers, with the provision in the 31 December 2021 accounts reflecting the value of the remediation package agreed to date.

Remediation payments to customers commenced in August 2022, with the full remediation amount due to be fully paid within 12 months of the year end.

Movements on provisions:

Group	£
Additional provisions in the year	864,536

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

19 Share-based payment transactions

During the current year, 300 options were granted to 10 senior members of staff. Included in the senior members were two directors who exercised 80 options.

The share options give each individual, entitlement to one fully paid up equity share in Snap Finance UK (Group) Limited for each option held. The options were exercised on the date of grant.

Group and company	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £	2020 £
Outstanding at 1 January 2021	-	-	-	-
Granted	300	-	0.01	-
Exercised	(300)	-	0.01	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Outstanding at 31 December 2021	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exercisable at 31 December 2021	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

20 Operating lease commitments

Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	35,100	19,068	-	-
Between two and five years	52,650	-	-	-
	<u>87,750</u>	<u>19,068</u>	<u>-</u>	<u>-</u>

Total operating lease expenses recognised through the profit and loss in the financial year were £49,980 (2020: £95,519).

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Share capital

Group and company	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
A Ordinary shares of 1p each	9,000	9,000	90	90
B Ordinary shares of 1p each	1,300	1,000	13	10
	<u>10,300</u>	<u>10,000</u>	<u>103</u>	<u>100</u>
Preferred ordinary share capital	2021	2020	2021	2020
Issued and fully paid	Number	Number	£	£
Preferred Ordinary share of £1,000 each	22,420	-	22,420,000	-
	<u></u>	<u></u>	<u>22,420,000</u>	<u>-</u>
Preferred shares classified as equity			<u>22,420,000</u>	<u>-</u>
Total equity share capital			<u>22,420,103</u>	<u>100</u>

During the year, a debt to equity swap took place between Snap Finance UK (Group) Limited, Snap Finance Holdings LLC and Matthew Hawkins. £22,055,335 of intercompany loan owed by Snap Finance UK (Group) Limited to Snap Finance Holdings LLC, and £365,000 of loan owed by Snap Finance UK (Group) Limited to Matthew Hawkins, was converted into 20,420 preferred shares with a nominal value of £1,000 per share.

Post year end, a similar arrangement has taken place between Snap Finance Limited and Snap Finance UK (Group) Limited, with £20,342,203 of the balance owing to Snap UK (Group) Limited has been converted into 20,342,203 preference shares in Snap Finance Limited of £0.01 per share.

Ordinary A shares have attached to them full voting rights, dividend and capital distribution (including on winding up) rights.

Ordinary B shares have same rights as Ordinary A Shares except for voting rights.

Preferred ordinary shares have the same rights as Ordinary A Shares, except for limited voting rights for specific matters.

22 Financial instruments

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	13,705,667	10,943,184	26,804,112	22,626,642
	<u></u>	<u></u>	<u></u>	<u></u>
Carrying amount of financial liabilities				
Measured at amortised cost	5,051,860	23,597,643	4,355,571	23,228,473
	<u></u>	<u></u>	<u></u>	<u></u>

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

23 Cash (absorbed by)/generated from group operations

	2021 £	2020 £
Loss for the year after tax	(1,976,214)	(2,079,222)
Adjustments for:		
Finance costs	933,892	942,932
Amortisation and impairment of intangible assets	203,243	147,808
Depreciation and impairment of property, plant and equipment	75,819	70,217
Increase in provisions	864,536	-
Movements in working capital:		
Increase in trade and other receivables	(2,852,980)	(3,073,876)
(Decrease)/increase in trade and other payables	(18,560,008)	5,538,043
Increase in deferred income	433,355	243,473
Cash (absorbed by)/generated from operations	(20,878,357)	1,789,375

24 Analysis of changes in net funds - group

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	1,021,523	236,111	1,257,634

SNAP FINANCE UK (GROUP) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25 Reserves

Retained earnings

Retained earnings - Group

The retained earnings reserve represents both the company and the subsidiaries' relevant proportion of cumulative profits and losses, net of the parent company's dividends paid and other adjustments where applicable.

Retained earnings - Company

The retained earnings reserve represents cumulative profits and losses, net of dividends paid and other adjustments where applicable.

26 Controlling party

The parent company of Snap Finance UK (Group) Limited is Snap US Holdings LLC whose registered office is 1193 West 2400 South Salt Lake City, UT 84119, United States of America.

27 Related party transactions

The Group has taken advantage of the exemption available not to disclose related party transactions with companies that are wholly owned within the Group.

Included within other creditors at the balance sheet date, is an amount owed of £Nil (2020 - £428,158) to M L Hawkins, a director of the company, in respect of a loan. Interest charged in the year was £18,207 (2020 - £19,470).

At the balance sheet date, the company owed £4,355,571 (2020 - £22,800,315) to Snap Finance Holding LLC in respect of a loan. Interest charged in the year was £915,685 (2020 - £923,462).

28 Events after the reporting date

On 7 December 2022, a debt to equity swap arrangement was negotiated between Snap Finance Limited and Snap Finance UK (Group) Limited to convert £20,342,203 of the outstanding loan due to Snap Finance UK (Group) Limited by Snap Finance Limited into ordinary shares.

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