

Company Registration No. 12973786 (England and Wales)

FIINU BANK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

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FIINU BANK LIMITED

COMPANY INFORMATION

Directors

D Hopton
J Liow Yune Loy
K Arnold
C Sweeney
H Evans
C Resnick

Company number

12973786

Registered office

Meadows Business Park
Station Approach
Camberley
GU17 9AB

Auditor

Mazars LLP
30 Old Bailey
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EC4M 7AU

FIINU BANK LIMITED

CONTENTS

	Page
Strategic report	1 - 4
Directors' report	5 – 7
Independent auditor's report	8 - 13
Statement of total comprehensive income	14
Statement of financial position	15
Statement of changes in equity	16
Statement of cash flows	17
Notes to the annual financial statements	18 - 28

FIINU BANK LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2022

The directors present the strategic report of Fiinu Bank Limited ('Fiinu' or 'the bank') for the nine-month period ended 31 December 2022.

Strategic Management

Strategy

Fiinu is a new app-based digital fintech bank that will offer 2 core products, a one-year fixed term deposit and a plug-in overdraft enabled by Open Banking. Following the major regulatory reform in the overdraft market in 2020, Fiinu is championing financial inclusion as it is preparing to launch the world's first plugin overdraft in the UK without anyone needing to switch their bank. The bank is due to launch by the end of 2023 following the successful raise of capital and approvals from the PRA and FCA.

Business Model

The Plug-In Overdraft consists of a simplified Personal Current Account (PCA) where only the overdraft facility is offered. In brief, the 'life history' of a Fiinu overdraft can be summarised in three core steps:

- Firstly, a customer applies for a Fiinu current account, which does not differ from the process of applying for any other PCA.
- Secondly, subject to creditworthiness and affordability assessments the firm grants an overdraft limit and prices the risk to the customer according to its risk appetite.
- Thirdly, the customers give Fiinu a consent to monitor, top-up and receive repayment from their primary PCA via the Open Banking API. This extension of overdraft credit will be marketed as a 'Plugin Overdraft', but the linking of accounts itself is the standardised Open Banking API which is already widely used in the banking market.

Vision and Values

"Pioneering smarter solutions to create financial fairness & freedom."

- **Pioneering** - We are leading the way with what we do, by creating intelligent solutions, leveraging technology and open banking. Building a better solution for the customer's need.
- **Smarter** - Thinking differently. Constructive disruption. It means being better. Having smarter technology to be different. Delivering better outcomes. We remove complexity. Our Plugin Overdraft is smart because it monitors and manages your linked account for you.
- **Solutions** - To create better solutions and outcomes for everyday customer needs. Addressing consumer pain points and empowering customers, offering a combination of value for money, speed, accessibility, responsiveness etc. All for the customer good, building trust along the way.
- **Financial fairness & freedom** - Ensuring financial choice for people with limited choice

Empowering customers, helping them to manage their household's budget and dealing with the ups and downs of everyday life. Thereby building, both rational and emotional trust. Putting the needs of the customer at the centre of everything we do, creating fairness and freedom.

Business Environment

Trends and factors

Due to the regulatory changes to overdrafts in 2019, some customers will have fewer options available to them in meeting their short-term financial needs.

At the time most incumbent banks had notified their customers that they were no longer going to offer unarranged overdrafts, free buffers and that payments will be rejected if the customer did not have sufficient funds in their PCA. This resulted in a number of displaced consumers who looked to other sources of credit, including credit cards and non-bank high-cost short term credit to address the funding gap.

This situation has been further exacerbated by a number of factors highlighted by the recent PWC and Totally Money report in the first half of 2022. The survey, titled 'Overlooked and financially underserved' revealed that millions of UK adults are underserved by the credit industry and as a result may lack financial resilience. They stated that this underserved group has grown considerably in the past 6 years and the trend is expected to continue or even accelerate.

FIINU BANK LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2022

A summary of the key points from the report highlights the following:

- Market reports estimate there to be 20.2m financially underserved adults in the UK.
- This figure is around 50% larger than it was in 2016 when there were 13.6m financially underserved adults.
- On average the underserved population tends to have a lower gross personal income (£27k vs £34k per annum).

The cost-of-living crisis has added significant pressure on the prices for everyday essential items, with significant increases to energy, fuel and groceries.

There is a significant and growing financially underserved population with an un-met need for credit. The incumbent banks appear to be less interested in providing suitable solutions following their withdrawal from the unauthorised overdraft market in 2020 and we have seen significant growth in 'costly' non-bank short term credit e.g. Buy Now Pay Later in response to the consumer need for alternative short-term credit products.

Principal risks and uncertainties

The principal risks for Fiinu, as set out in the Risk Management Framework

Risk Category	Risk Category Definition
Compliance and Legal Risk	<p>Compliance and Legal Risk is the risk to the financial and reputational soundness of the Bank arising from non-compliance with any legislation or regulation or regulatory expectation or through financial crime.</p> <p>As Fiinu are preparing to exit mobilisation they are ensuring the systems and controls are in place to ensure its product will be used for legitimate purposes. The monitoring will include customer fraud, sanctions and money laundering.</p>
Conduct and Reputational Risk	<p>Conduct Risk is defined as the risk of customer detriment or harm due to inappropriate culture, improper business conduct and/or poor customer treatment. Reputational Risk is the damage that could be caused to Fiinu's brand, customer perception, market perception and its relationship with the regulator.</p> <p>As Fiinu prepares to launch the overdraft product into the market the key activities have been to build the product and ensuring compliance with the appropriate regulations. Key processes and controls have been developed to identify customer harm, ensuring customers are treated fairly and Fiinu's affordability criteria is met.</p>
Consumer Credit Risk	<p>Consumer Credit Risk is the risk of loss due to one or more personal borrowers defaulting on, or otherwise being unable to fulfil, their contractual obligations.</p> <p>Fiinu are building internal capabilities ahead of exiting mobilisation to ensure it can monitor the overdraft customers that default on their contractual obligations or fail to perform their obligations in a timely manner.</p>
Operational Risk	<p>The risk of loss caused by human error, ineffective or inadequately designed internal processes, system failure, improper conduct and external events. The risk of system failure during day-to-day operations or at a time of system development leading to an inability to continue the day-to-day operations of the Bank to a satisfactory standard.</p> <p>Fiinu has been developing its key operational policies, procedures and controls and these are being tested in the Model Office and Friends and Family phases ahead of exiting mobilisation.</p>
Prudential Risk	<p>The risk that the Bank does not have sufficient financial resources to meet its commitments when they fall due, or can secure them only at excessive cost, or that the Bank does not have sufficiently stable and diverse sources of funding, or that the funding structure is insufficient caused by the adverse movements in external markets and or ineffective internal controls.</p> <p>Prudential risk includes (by not limited to) financial risk, funding risk, liquidity risk and capital risk. These risks are monitored to ensure sufficient capital and liquidity is available to meet obligations as they fall due and regulatory minimum standards are met and reported effectively.</p>
Strategic Risk	<p>The risk to the Bank's revenue as set within the budget and the medium-term plan arising through sub-optimal implementation of the strategy as approved by the Board. In assessing strategy risk, consideration is given to both internal and external factors.</p> <p>Fiinu is launching the world's first plugin overdraft in the UK without anyone needing to switch their bank. The strategic risk is that Fiinu fails to execute its business strategy as a result of poor decision making, substandard execution of decisions or product design, inadequate resource allocation or from a failure to effectively respond to changes in the business / market environment.</p> <p>Fiinu will maintain a clear vision and values, strategic objectives and corporate values to support the growth of the Bank and support financial inclusion for its customers.</p>

FIINU BANK LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2022

Environmental, social and governance (ESG)

Enabling responsible behaviour by playing a positive role in the communities in which we live and work.

We are committed to:

- managing our business in an ethical and responsible way
- delivering positive outcomes for customers, employees, investors and society
- supporting our stakeholders to embrace our culture

At Fiinu we understand the importance of community and our impact, both positive and negative, on our environment. ESG matters to us. Charles Resnick, Chief Financial Officer is now responsible, along with the Board, for developing and embedding our ESG over the medium term post exiting mobilisation.

We expect to report more information in the future as we recognise we are part of something larger than ourselves and have a responsibility to make positive change through our citizenship and business activities.

Business performance and position

Analysis of the performance and position

The bank is operationally ready and continues to further develop the infrastructure required to operate as a fully functional bank in 2023. During the year £1.7m has been spent on people, processes and controls to ensure it is operationally ready. At the year-end the bank had £8.8m of ordinary share capital.

Key performance indicators:

Cash at bank as at 31 December 2022 £6,805,028 (31 March 2022: nil).

Average staff numbers as at 31 December 2022 11 (31 March 2022: 8).

The Board and senior management of the bank frequently meet and discuss the progress being made as the bank mobilisation process keenly targets readiness for full licensing which is anticipated to take place in H2 2023. Allied with this is the need to maintain tight controls over cash resources and the variable costs of the bank which comprise primarily people costs. To that end, the KPIs most keenly monitored and discussed are liquidity and headcount. As the business develops past its start-up phase, a wider range of more detailed indicators that will assist in the management of steady state business activities will be developed.

Employee gender diversity

Diversity of opinion and a collaborative culture is the core to our ongoing success as it drives better employee morale, creativity and productivity. We foster this by valuing diversity of gender, sexual orientation, race and age; striving to create an environment and working practices which supports everyone in reaching their full potential.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 – ‘Duty to promote the success of the bank’.

As a Board of Directors we consider, both collectively and individually, that we have acted in the way we consider, in good faith, would be most likely to promote the success of the bank for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the period ended 31 December 2022. In particular by reference to the approval of our multi-year strategy our consideration of this and other principal decisions is detailed below.

As a Board of Directors, we have always taken decisions for the long term. Our aim is always to uphold the highest standards of conduct and to behave responsibly to ensure that management also operate the business in a responsible manner. We understand that our business can only grow and prosper over the long term if we understand and respect the views and needs of our key stakeholders: our regulators and colleagues and the communities in which we operate, as well as our suppliers, the environment and the shareholders to whom we are accountable. This is reflected in our values and behaviours, and how we manage our relationships with some stakeholders.

FIINU BANK LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2022

Fiinu (part of Fiinu Plc group) aims to be a bank in which people want to invest, from which people want to procure services, with which people want to partner and for which people want to work. This requires the Board, Executive Committee, senior managers, and other employees to maintain an approach to strategic, financial and operational decision-making that is values-based and sustainable in approach, and therefore aligned to the requirements and expectations of Section 172. Sustainable success and delivery of our strategy is dependent on the skills, talent and values of employees. Fiinu is committed to being a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business.

Decision-making requires a long-term perspective, and this is typified by our continued investment in supporting the build of the banking and lending platform to drive long-term value for the bank, whilst minimising the impact of our business operations on the environment. Our strategy takes into account the impact of the bank's operations on the community and environment and our wider social responsibilities, and in particular how we operate in banking and provide financial inclusion to a currently underserved market.

As the Board of Directors, our intention is to behave responsibly toward our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our strategy.

Continued access to capital is important for our business. We work to ensure that our shareholders, potential shareholders and their representatives have a good understanding of our strategy, business model, opportunity and culture. We achieve this by regular and active engagement through the AGM, the Annual Report and Accounts and the Corporate website.

Principal decisions

We define principal decisions as both those that are material to the bank, but also those that are significant to any of our key stakeholder groups. In making the following principal decisions the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the bank.

Principal decision - deciding our purpose and vision

We understand the material importance to the future success of our business of clearly setting out our business purpose, vision and values, as this impacts all of our stakeholders.

Brief summary of the decision

We set out to develop a clear vision and purpose for the bank, something that will unite and inspire us all and maximise the potential of our people in order to fully realise our vision and drive long term sustainable value. We believe that our wider role in society and realising the impact that we have on the environment is core to our purpose. Impacts on the long-term sustainable success of the bank, include:

- I. Clear guiding purpose that underpins everything we do
- II. Impact on the bank's reputation for high standards of business conduct
- III. Impact on the culture of our people and unites us in a common goal

Actions the bank plans to / has implemented to mitigate any potential negative impact on the long-term success

We delegated responsibility for establishing the Company's ESG framework to Charles Resnick, CFO and member of the executive team. This involved establishing ESG project teams to take in the views of Board members, senior management, and representation from all departments across the bank. A clear purpose and vision, guided by our ESG priorities, will reduce strength our brand, better distinguishing us in our market.

How impacts on that stakeholder group have been considered

Our vision and purpose and will act to clarify our mission and goals, where employees may otherwise not have a unifying focus, but rather act as individuals, in their silos, maximising their initiative and innovation.

This report was approved by the Board of Directors on **26 May 2023** and signed on its behalf by:

On behalf of the board

DocuSigned by:



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C. Sweeney
Director

16 June 2023

FIINU BANK LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2022

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

Principal activities

The principal activity of the bank is banking services to provide overdrafts through Open Banking to retail customers. The bank is currently in the mobilisation phase.

During the period December 2022, the bank changed its accounting reference date from 31 March to 31 December to bring the company into line with the ultimate parent company. As such, these financial statements have been prepared for the nine month period ended 31 December 2022, with comparative information being presented for the twelve months ended 31 March 2022. As a result, amounts presented in this annual report are not directly comparable.

Results and dividends

The results for the year are set out on page 14.

During the period ended December 2022, the bank adopted International Financial Reporting Standards (IFRS) having previously prepared financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UKGAAP). As such the bank has applied the provisions of IFRS1, First-time adoption of International Financial Reporting Standards' (IFRS1) in the preparation of this annual report.

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

Directors

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

D Hopton	
J Liow Yune Loy	
K Arnold	
C Sweeney	(Appointed 1 May 2022)
H Evans	(Appointed 8 August 2022)
C Resnick	(Appointed 8 December 2022)
W Evans	(Resigned 19 July 2022)

Going concern

The financial statements have been prepared on a going concern basis dependent on the support of its ultimate parent. The circumstances in relation to the requirement to raise capital to support year one of operations post mobilisation represents a material uncertainty that may cast doubt on the ability of the bank to continue as a going concern.

Financial risk management

The principal risks for Fiinu Bank, as set out in the Risk Management are shown within the Strategic Report.

The key focus of financial risk management for the bank is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its business banking operations. The main financial risks arising from our financial instruments are liquidity risk, credit risk and market risks (price and interest rate risk). This is shown in Note 18 to the annual financial statements.

Future Developments and Research and development

This year has been another crucial year in the development of Fiinu with the creation of the technology to build the Plugin Overdraft. In 2023 we will look to continue the momentum, executing our strategy and launching the product into the market.

FIINU BANK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

Post reporting date events

In March 2023, an additional £0.5m capital injection was received from Fiinu Holdings Limited and its ultimate parent company Fiinu Plc.

In April 2023, an additional £0.75m capital injection was received from Fiinu Holdings Limited and its ultimate parent company Fiinu Plc.

Further capital is expected to be injected over the next few months in line with the regulated market announcement made by Fiinu Plc on 15 March 2023, announcing it has conditionally raised up to £6.49 million before costs in new equity funding.

On 28 April 2023 Fiinu Plc announce through the London Stock Exchange Regulatory News Service that continuing challenging capital market conditions have impeded its fundraising process. Whilst good progress has been made with regard to our operational readiness for Fiinu's full banking activity, the lack of full funding commitment at this stage has slowed the necessary regulatory application processes such that Fiinu has determined a preferential course of action is to make an application to withdraw its licence aiming to re-apply after a short period of 2 - 3 months. This application was submitted to the PRA and FCA and is awaiting completion of the process. This action will allow the Company to focus on securing its exit funding requirement which is estimated to be in the range of £34 - £42 million. Once this funding has been secured it is intended for the application process to be resumed and completed promptly, again subject to the necessary PRA and FCA approval.

Auditor

Mazars LLP were appointed as auditor and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and Strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the bank financial statements in accordance with UK – adopted international accounting standards (IFRSs) and the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the bank and of the profit or loss of the bank for that period.

In preparing these financial statements, requires that directors:

- properly select and apply suitable accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable UK-adopted International Accounting Standards have been followed;
- provide additional disclosures when compliance with the specific requirements is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the bank's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the bank's transactions and disclose with reasonable accuracy at any time the financial position of the bank 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 bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FIINU BANK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

Directors' liabilities

The Directors who served on the Board up to the date of this report have benefited from qualifying third-party indemnity provisions by virtue of deeds of indemnity entered into by the Directors and the Company. The deeds indemnify the Directors to the maximum extent permitted by law and by the Articles of Association of the Company, in respect of liabilities (and associated costs and expenses) incurred in connection.


with the performance of their duties as a Director of Fiinu and any associated company, as defined by section 256 of the Companies Act 2006. Fiinu also maintains Directors' and Officers' liability insurance which provides appropriate cover for legal actions brought against its Directors. The Directors intend to keep the level of cover provided under annual or more frequent review if appropriate.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:
so far as the director is aware, there is no relevant audit information of which the bank's auditor is unaware, and the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the bank's auditor is aware of that information.

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

On behalf of the board:

DocuSigned by:

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C Sweeney

Director

16 June 2023

FIINU BANK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIINU BANK LIMITED

Opinion

We have audited the financial statements of Fiinu Bank Limited (the 'Bank') for the nine-month period ended 31 December 2022 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows, and notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Bank's affairs as at 31 December 2022 and of the Bank's loss for the nine-month period then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('FRC's') Ethical Standard, as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements which indicate that, when assessing the Bank's ability to continue as a going concern, the directors have concluded that a material uncertainty exists in relation to the Bank's capacity to raise necessary capital to support year one of operations post mobilisation.

As stated in note 1.2 in the financial statements, these events or conditions, along with the other matters as set forth in this note to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Our evaluation of the directors' assessment of the Bank's ability to continue to adopt the going concern basis of accounting included, but was not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Evaluating the directors' method to assess the Bank's ability to continue as a going concern including the specific risks areas identified;
- Testing the accuracy and functionality of the model used by the directors to prepare their forecasts;

FIINU BANK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FIINU BANK LIMITED

- Assessing directors' going concern plan compared to the forecasts provided to the Prudential Regulatory Authority ('PRA') and challenging significant deviations;
- Inspecting agreements of proposed additional funding from potential investors to validate the intentions to invest in the Fiinu Group through Fiinu PLC, parent entity of the Bank, and obtaining confirmation from the directors of Fiinu PLC that they will inject the Bank with the necessary capital from funds raised;
- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios. This included reviewing the Bank's latest ICAAP and ILAAP documents, Recovery and Resolution Plan, Solvent Wind Down Plan and the Business Plan Refresh;
- Reviewing Board of Directors and Audit Committee meeting minutes and presentations for indications of factors which would impact the going concern assumption;
- Making enquiries with the PRA and inspecting correspondences with regulators;
- Considering whether there were events subsequent to the balance sheet date which could have a bearing on the going concern conclusion; and
- Evaluating the appropriateness and completeness of the disclosures in the financial statements in respect of the directors' going concern assessment and their conclusion that a material uncertainty exists in relation to the Bank's capacity to raise necessary capital to support year one of operations post mobilisation.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the 'Material uncertainty related to going concern' section of our report, which, by its nature, is a key audit matter, we have determined that there are no other key audit matters to communicate in our report. The material uncertainty related to going concern, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

FIINU BANK LIMITED**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF FIINU BANK LIMITED**

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£67,000
How we determined it	1% of net assets
Rationale for benchmark applied	We believe that the benchmark of net assets is a key focus for the users of the financial statements. At the reporting date the Bank is in mobilisation phase, consequently users of the financial statements are focused on the ability of the Bank to have sufficient regulatory capital to exit this phase. Net assets is deemed a good proxy for regulatory capital. We have therefore used net assets given its importance for the users of the financial statements.
Performance materiality	<p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</p> <p>We set performance materiality at £33,500 which represents 50% of overall materiality.</p> <p>In determining the performance materiality we considered a number of factors, including the public interest entity nature of the Bank and that this is a first-year audit, and concluded that a percentage towards the lower end of our normal range was appropriate.</p>
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £2,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Bank, its environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

FIINU BANK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FIINU BANK LIMITED

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 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 the audit:

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Bank and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements set out on page 5, 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 Bank'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 Bank or to cease operations, or have no realistic alternative but to do so.

FIINU BANK LIMITED**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF FIINU BANK LIMITED**

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Bank and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: regulatory and supervisory requirements of the PRA and the Financial Conduct Authority ('FCA').

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Bank, the industry in which it operates and considering the risk of acts by the Bank which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of management and, where appropriate, those charged with governance, as to whether the Bank is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with the PRA and FCA;
- Reviewing minutes of directors' meetings in the period; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to misappropriate cash, and management bias through significant judgements and assumptions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;

FIINU BANK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FIINU BANK LIMITED

-
- Addressing the risks of fraud through management override of controls by performing journal entry testing; and
 - Being skeptical to the potential of management bias through significant judgements and assumptions.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the directors on 8 November 2022 to audit the financial statements for the nine-month period ended 31 December 2022 and subsequent financial periods. The period of total uninterrupted engagement is one year, covering the period ended 31 December 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Bank and we remain independent of the Bank in conducting our audit.

Our audit opinion is consistent with our additional report to the audit committee.

Use of the audit report

This report is made solely to the Bank'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 Bank'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 Bank and the Bank's members as a body for our audit work, for this report, or for the opinions we have formed.



Pauline Pélissier (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

30 Old Bailey

London, EC4M 7AU


16 June 2023

FIINU BANK LIMITED**STATEMENT OF TOTAL COMPREHENSIVE INCOME****FOR THE PERIOD ENDED 31 DECEMBER 2022**

		9 months ended 31 December 2022	12 months ended 31 March 2022
	Notes	£	£
Administrative expenses		(1,654,382)	(315,986)
Other operating income		90,509	-
Interest income		11,551	-
Operating loss	5	(1,552,322)	(315,986)
Loss before taxation		(1,552,322)	(315,986)
Income tax income/(charge)	7	246,628	-
Loss for the financial period		(1,305,694)	(315,986)
Other comprehensive income		-	-
Total comprehensive loss for the financial period		(1,305,694)	(315,986)

FIINU BANK LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

		31 December 2022	31 March 2022
	Notes	£	£
Current assets			
Trade and other receivables	8	399,926	17,807
Amounts owed by group undertakings	10	310,261	-
Cash and cash equivalents		6,805,028	-
		<u>7,515,215</u>	<u>17,807</u>
Current liabilities			
Trade and other payables	9	(127,422)	(20,293)
Amounts owed to group undertakings	10	(326,297)	(430,323)
		<u>(453,719)</u>	<u>(450,616)</u>
Net assets/(liabilities)		<u>7,061,496</u>	<u>(432,809)</u>
Equity			
Called up share capital	12	8,800,000	1
Retained earnings		(1,738,504)	(432,810)
Total equity		<u>7,061,496</u>	<u>(432,809)</u>

DocuSigned by:

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C Resnick
 Director

16 June 2023

FIINU BANK LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD ENDED 31 DECEMBER 2022**

		Share capital	Retained earnings	Total
	Notes	£	£	£
Balance at 1 April 2021		1	(116,824)	(116,823)
Loss and total comprehensive loss for the year		-	(315,986)	(315,986)
Balance at 31 March 2022		<u>1</u>	<u>(432,810)</u>	<u>(432,809)</u>
Loss and total comprehensive loss for the period		-	(1,305,694)	(1,305,694)
Issue of share capital	12	8,799,999	-	8,799,999
Balance at 31 December 2022		<u>8,800,000</u>	<u>(1,738,504)</u>	<u>7,061,496</u>

FIINU BANK LIMITED**STATEMENT OF CASH FLOWS****FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Notes	31 December 2022 £	31 March 2022 £
Cash flows from operating activities			
Cash absorbed by operations	15	(1,545,352)	-
Interest received		11,551	-
Net cash outflow from operating activities		(1,533,801)	-
Financing activities			
Proceeds from issue of shares		7,300,000	-
Cash received from fellow group companies	16	1,381,429	-
Cash repaid to fellow group companies		(342,600)	-
Net cash generated from financing activities		8,338,829	-
Net decrease in cash and cash equivalents		6,805,028	-
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period		<u>6,805,028</u>	<u>-</u>

FIINU BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Fiinu Bank Limited is a private company limited by shares incorporated in England and Wales. The registered office is Meadows Business Park, Station Approach, Camberley, GU17 9AB. The bank's principal activities and nature of its operations are banking services, providing overdrafts through Open Banking to retail customers. The bank is currently in the mobilisation phase.

The bank is part of a wider group, with the ultimate beneficial owner being Fiinu Plc.

1.1 Accounting convention

The financial statements have been prepared in accordance with UK – adopted International Accounting standards (IFRSs) in conformity with the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the bank. 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.

During the period ended December 2022, the bank adopted UK-adopted International Accounting Standards (IFRS) having previously prepared financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UKGAAP). As such the bank has applied the provisions of IFRS1, First-time adoption of International Financial Reporting Standards' (IFRS1) in the preparation of this annual report. There were no transitional changes required on adoption of IFRS.

1.2 Going concern

The financial statements have been prepared on a going concern basis dependent on the continued support of its ultimate parent company. In assessing going concern, the Directors have considered the current statement of financial position, the financial projections, longer-term strategy of the business and the capital and liquidity plans, including stress tests and plans for future capital injections.

The circumstances in relation to the requirement to raise capital to support year one of operations post mobilisation represents a material uncertainty that may cast significant doubt on the ability of the bank to continue as a going concern.

1.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less. Initially recognised at fair value and subsequently measured at amortised cost.

1.4 Financial assets

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

The bank classifies financial assets as subsequently measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income on the basis of both the bank's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

The business model reflects how the bank managers groups of assets in order to generate future cash flows. Where the bank's business model is to hold the assets to collect contractual cash flows, the bank assesses whether the financial assets' cash flows represent solely payments of principal and interest. For these assets, the bank classifies the financial assets at amortised cost.

At initial recognition, financial assets classified as at fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

FIINU BANK LIMITED

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

1 Accounting policies

(Continued)

Impairment of financial assets

The Bank recognises an impairment allowance for expected credit losses ('ECL') on financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

ECL impairment losses are measured over the longest contractual period where the Bank is exposed to credit risk. For loans repayable on demand, the contractual period is assessed as the period needed to transfer cash once demanded. Management review the liquidity asset position of the fellow group undertakings and assess if the borrower has sufficient liquid assets at the reporting date to repay the loan. The probability of default is calculated based on this assessment.

Loans due from other companies within the group are repayable on demand with a prevailing interest rate of 0%. The Bank consider that the group has sufficient recovery strategies to fully recover the outstanding balance of the loan and no impairment loss is required.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Derecognition of financial assets

Financial assets are derecognised 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 to another entity.

1.5 Financial liabilities

The bank recognises financial debt when the bank becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the bank's obligations are discharged, cancelled, or they expire.

1.6 Equity instruments

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

1.7 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 bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Research and Development (R&D) tax credits are recognised as income in the period in which the R&D income is receivable.

FIINU BANK LIMITED

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

1 Accounting policies

(Continued)

Deferred tax

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

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

1.8 Employee benefits

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

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

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

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

1.9 Retirement benefits

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

1.10 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.

1.11 Other Income

Other income is in relation to costs recharged to other group companies for expenditure incurred on development of the platform for the operation of the Plug-In overdraft.

Income is recognised in line with when the expenditure has been incurred.

FIINU BANK LIMITED

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

2 Critical accounting estimates and judgements

In the application of the bank'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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider there to be any key sources of estimation uncertainty.

Critical Judgements

Going concern has been assessed and reflected in note 1.2.

3 Auditor's remuneration	31 December 2022	31 March 2022
Fees payable to the bank's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the bank	40,000	-

4 Employees

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

	31 December 2022 Number	31 March 2022 Number
Operational	6	4
Management	5	4
	<u>11</u>	<u>8</u>

	31 December 2022	31 March 2022
Their aggregate remuneration comprised:	£	£
Wages and salaries	1,180,310	261,388
Social security costs	155,808	26,889
Pension costs	18,772	23,416
	<u>1,354,890</u>	<u>311,693</u>

FIINU BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 31 DECEMBER 2022**5 Operating Loss**

Operating loss for the period is stated after changing (crediting)

	31 December 2022	31 March 2022
Staff costs	1,054,076	311,693
Equity incentive	300,814	-
Contractor & consultancy costs	140,717	-
Recruitment costs	55,850	-
Legal & professional costs	22,304	4,293
Other costs	80,621	-
Recharges	(90,509)	-

6 Directors' remuneration

	31 December 2022	31 March 2022
	£	£
Remuneration for qualifying services	612,128	12,500
Company pension contributions to defined contribution schemes	587	187
	<u>612,714</u>	<u>12,687</u>

The number of directors for whom retirement benefits are accruing under defined contributions schemes amounted to 1 (31 March 2022: 1)

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

	31 December 2022	31 March 2022
	£	£
Remuneration for qualifying services	<u>430,814</u>	<u>-</u>

7 Income tax (expense) / income

	31 December 2022	31 March 2022
	£	£
Current tax		
Other tax reliefs	<u>246,628</u>	<u>-</u>

FIINU BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 31 DECEMBER 2022

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

	31 December 2022	31 March 2022
	£	£
Loss before taxation	(1,552,322)	(315,986)
Expected tax credit based on a corporation tax rate of 19.0% (31 Mar 2022: 19.0%)	(294,941)	(60,037)
Unutilised tax losses carried forward	294,941	60,037
Research and development tax credit	246,628	-
Taxation credit for the period	<u>246,628</u>	<u>-</u>

The bank has unused trading losses of £1,398,309 (31 March 2022: £430,859) carried forward at the period end. No deferred tax asset has been recognised at the period-end due to the uncertainty of sufficient profits in the foreseeable future. This resulted in a potential deferred tax asset of £349,577 not being recognised in the bank (31 March 2022: £81,863).

Factors that may affect future tax charges

Increases in the UK corporation tax rate from 19% to 25%, with marginal relief available for profits between £50,000 and £250,000 (effective 1 April 2023) were substantively enacted on 3 March 2021.

8	Trade and other receivables	31 December 2022	31 March 2022
		£	£
	Corporation tax recoverable	246,628	-
	Other receivables	153,298	17,807
		<u>399,926</u>	<u>17,807</u>
9	Trade and other payables	31 December 2022	31 March 2022
		£	£
	Trade payables	9,656	-
	Accruals	29,050	-
	Social security and other taxation	80,160	13,035
	Other payables	8,556	7,258
		<u>127,422</u>	<u>20,293</u>
10	Amounts owed from/(to) group undertakings	31 December 2022	31 March 2022
		£	£
	Amounts due to Fiinu Plc	(326,297)	-
	Amounts due from/(to) Fiinu Holdings Limited	310,261	(430,323)

Amounts due from/(to) group companies are considered repayable on demand and have no interest attached.

FIINU BANK LIMITED

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

11 Retirement benefit schemes

Defined contribution schemes

The bank operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the bank in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £18,772 (31 March 2022 - £23,228).

Amounts due in relation to the defined contribution pension scheme as at 31 December 2022 were £2,530 (31 March 2022: £1,951)

12 Share capital	31 December 2022	31 March 2022	31 December 2022	31 March 2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	8,800,000	1	8,800,000	1
	8,800,000	1	8,800,000	1

Each share is entitled to one vote, has equal rights to dividends and is entitled to participate in a distribution arising from a winding up of the bank.

Reconciliation of movements during the period:

	£
At 31 March 2022	1
Shares Issued	8,799,999
At 31 December 2022	8,800,000

During the year the bank issued for cash the following classes of shares:

- Ordinary shares – 8,799,999 value each issued at £1 each share.

13 Capital risk management

Capital risk is the risk that the bank has insufficient capital to cover regulatory requirements and/or support its growth plans.

The bank operated in line with its capital risk appetite as set by the Board and above its Total Capital Requirements throughout the period ended 31 December 2022.

14 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	31 December 2022	31 March 2022
	£	£
Short-term employee benefits	612,128	12,500
Post-employment benefits	587	187
	612,714	12,687

FIINU BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 31 DECEMBER 2022**Transactions with related parties**

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

	Recharges by Fiinu Bank Ltd	
	31 December 2022	31 March 2022
	£	£
Fiinu Holdings Ltd	90,509	-
Net movements on loans with group entities		
	Fiinu Holdings Ltd	Fiinu plc
Balance due (to)/from as at 1 April 2021	-	-
Net amounts paid on behalf of company	-	-
Balance as at 31 March 2022	(430,323)	-
Net amounts paid on behalf of company	18,167	(1,495,639)
Amounts capitalised	330,658	1,169,342
Costs recharged	90,509	-
Net amounts paid by company	301,250	-
	<u>310,261</u>	<u>326,297</u>
15 Cash absorbed by operations		
	31 December 2022	31 March 2022
	£	£
Loss for the period after tax	(1,305,694)	(315,986)
Adjustments for:		
Taxation charged/(credited)	(246,628)	-
Interest income	(11,551)	-
Non-cash expenses paid by fellow group companies	137,390	-
Non-cash recharges to fellow group companies	(90,509)	-
Movements in working capital:		
(Increase) / decrease in trade and other receivables	(135,491)	187
Increase in trade and other payables	107,131	315,799
Cash absorbed by operations	<u>(1,545,352)</u>	<u>-</u>

FIINU BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 31 DECEMBER 2022**16 Reconciliation of Group Undertakings' liabilities arising from financing activities**

	31 March 2022		Non-cash changes			31 December 2022
	Cash flows		Capitalised loan	Invoices paid by group companies	Recharges and reversals	
Amounts due to Fiinu plc	-	1,274,839	(1,169,342)	220,800	-	326,297
Amounts due to/(from) Fiinu Holdings Ltd	430,323	(236,010)	(330,658)	124,441	(298,357)	(310,261)
	<u>430,323</u>	<u>1,038,829</u>	<u>(1,500,000)</u>	<u>345,241</u>	<u>(298,357)</u>	<u>16,036</u>

17 Transition adjustments**Reconciliation of equity**

	31 December 2022	31 March 2022
	£	£
Equity as previously reported	<u>8,800,000</u>	<u>1</u>

Reconciliation of loss for the financial period

	2022
	£
Loss as previously reported and after transition	<u>(432,810)</u>

	31 March 2022	IFRS	31 March 2022
	UK GAAP	Adjustments	IFRS
	£	£	£
Administrative expenses	(315,986)	-	(315,986)
Other operating income	-	-	-
Operating loss	(315,986)	-	(315,986)
Interest income	-	-	-
Loss before taxation	(315,986)	-	(315,986)
Income tax income/(charge)	-	-	-
Loss for the financial period	(315,986)	-	(315,986)
Other comprehensive income	-	-	-
Total comprehensive loss for the financial period	(315,986)	-	(315,986)

FIINU BANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 DECEMBER 2022**

	31 March 2022 UK GAAP	IFRS Adjustments	31 March 2022 IFRS
	£	£	£
Current assets			
Trade and other receivables	17,807	-	17,807
Amounts owed by group undertakings	-	-	-
Cash and cash equivalents	-	-	-
	<u>17,807</u>	<u>-</u>	<u>17,807</u>
Current liabilities			
Trade and other payables	(20,293)	-	(20,293)
Amounts owed to group undertakings	(430,323)	-	(430,323)
	<u>(450,616)</u>	<u>-</u>	<u>(450,616)</u>
Net assets/(liabilities)	<u>(432,809)</u>	<u>-</u>	<u>(432,809)</u>
Equity			
Called up share capital	1		1
Retained earnings	(432,810)	-	(432,810)
Total equity	<u>(432,809)</u>	<u>-</u>	<u>(432,809)</u>

Notes to reconciliations

During the period, the bank has transitioned from FRS102 reporting to IFRS reporting. There were no adjustments to the figures arising from this.

18 Financial risk management

Risk is an inherent part of the bank's business activities. The bank seeks to identify, assess, monitor and manage each of the various types of risk involved in its business activities, focusing on activities during mobilisation and when the bank exits mobilisation in accordance with defined policies and procedures. A key component of our approach to capital management is to ensure that the company's policies are aligned with the bank's overall strategy, business plans, risk management framework and risk appetite.

The key focus of financial risk management for the bank is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its business banking operations. The main financial risks arising from our financial instruments are liquidity risk, credit risk and market risks (price and interest rate risk).

FIINU BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

Liquidity risk is the risk that the bank is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The bank maintains adequate levels of liquidity and ensures that it maintains sufficient levels of liquidity to meet foreseeable and unexpected needs. Policies and procedures are in place to manage liquidity risk. Limits for the level, type and maturity of liquidity are set by the Board Risk & Compliance Committee (BRCC). Independently, the Finance and Risk departments monitor compliance with these limits. The level of liquidity is monitored on a daily basis to ensure there are sufficient liquid assets at all times to cover cash flow movements and fluctuations in funding, enabling us to meet all financial obligations and to support anticipated growth.

Credit risk is the risk of financial loss to the bank if a counterparty fails to meet its contractual obligations to repay the bank in accordance with agreed terms. Credit risk is managed in relation to its cash reserves and intercompany debt to reduce the risk of financial loss. The risk is managed by review and diversification of where bank deposits are held where possible and by monitoring the position in relation to the satisfaction of debt balances.

19 Events after the reporting date

In March 2023, an additional £0.5m capital injection was received from Fiinu Holdings Limited.

In April 2023, an additional £0.75m capital injection was received from Fiinu Holdings Limited.

On 28 April 2023 Fiinu Plc announced through the London Stock Exchange Regulatory News Service that continuing challenging capital market conditions have impeded its fundraising process. Whilst good progress has been made with regard to our operational readiness for Fiinu's full banking activity, the lack of full funding commitment at this stage has slowed the necessary regulatory application processes such that Fiinu has determined a preferential course of action is to make an application to withdraw its licence aiming to re-apply after a short period of 2 - 3 months. This application was submitted to the PRA and FCA and is awaiting completion of the process. This action will allow the Company to focus on securing its exit funding requirement which is estimated to be in the range of £34 - £42 million. Once this funding has been secured it is intended for the application process to be resumed and completed promptly, again subject to the necessary PRA and FCA approval.

20 Controlling party

The immediate parent company is Fiinu Holdings Ltd and the ultimate parent company is Fiinu Plc. Fiinu Plc is the ultimate controlling party by virtue of its controlling interest in Fiinu Holdings Ltd. Fiinu Plc heads the largest and smallest group for which consolidated accounts are produced. The group's financial statements can be obtained by contacting the company secretary at the registered office of Fiinu Plc being Meadows Business Park, Station Approach, Camberley, GU17 9AB.