

VALITOR LIMITED

Company registration number 08053178 (England and Wales)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

VALITOR LIMITED

COMPANY INFORMATION

Directors	Mr R K Alexander H D Fjeldsted P Hauksson
Secretary	BBA Fjeldco Limited
Company number	08053178
Registered office	BBA Fjeldco Limited 2nd Floor, Berkeley Square House Berkeley Square London W1J 6BD
Auditor	Dyke Yaxley Limited 1 Brassey Road Old Potts Way Shrewsbury Shropshire SY3 7FA

VALITOR LIMITED

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VALITOR 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

The company has focused on simplification and efficiency of its operations and products, with good progress made towards a harmonised approach across its business units and markets. There is a continuing focus on optimising operational expenses and building strong relationships with its partners and customers.

Business segments

Valitor operates as an end-to-end payments solution provider, covering the key elements of the payments value chain from card issuing, merchant acquiring, and payment processing for merchants of all sizes. Valitor has experience in payments as an acquirer for Visa, MasterCard and AMEX and provides payments services directly to merchants in the UK and Ireland. Valitor exceeded its forecasted financial performance for 2021. The Company's financial structure was strengthened with increase of share capital amounting £1.6 million in April 2020 and Valitor operates as debt-free. Share capital will be further increased when and if needed.

Risk Management

The Company faces various risks associated with operating as financial undertakings that stem from its daily operations. Therefore, risk management is a fundamental part of the Company's operations. The main pillars of active risk management are identifying risk, quantification of the risks identified, the actions taken to mitigate or eliminate those risks and active monitoring.

Trust and integrity are critical factors in the operation. Cyber security risks are ranked as a high priority, and the focus is to ensure the confidentiality, integrity and availability of information systems and data. Valitor has established security policies and processes which are integrated into operational processes and enforced by security awareness training. The Board of Directors and Management recognise the importance of information security and the threat that cyber risks pose with a strong desire to face these challenges and a willingness to make changes where required.

Valitor values and code of ethics

The Company's mission is to "make buying and selling easy". Valitor honours the values, Trust, Collaboration and Excellence. It is of great importance to the Company and its operations to have employees that identify with and adhere to these values. A Company's most valuable asset is trust and credibility, which is dependent on the ethics of its employees.

Valitor respects Difference by Acting Ethically. We treat each other with tolerance and respect, and we act ethically and professionally, protecting our reputation as a quality operator. We are resilient, support each other, celebrate victories, and have fun along the way. We are Customer-Centric, make life easy for our customers, challenge each other to simplify our operations. We work across regions and functions to share expertise and agree on joint solutions.

We are Results-Focused and apply Agile Thinking. We set goals and hold each other accountable for achieving them to drive outstanding results. We are always looking ahead, using our initiative, and sharing ideas to respond quickly to change.

VALITOR LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Corporate Governance

The Board of Directors of Valitor operates under both regulatory requirements and industry-approved guidance on good Corporate Governance to ensure continued quality operation of the Groups Corporate Governance and values. Good corporate governance contributes to open and reliable relations between employees, the Board, Shareholders, customers, and other stakeholders. Corporate Governance at Valitor provides the foundation for responsible management and decision-making. The Corporate Governance of Valitor is based on relevant laws and regulations as well as accepted guidelines that are in effect at the time the Company's annual accounts are approved by the Board.

Future Prospects

Valitor has a clear vision and strategy for the future. The main themes for 2022-2024 are simplification and efficiency and building a strong partnership model both in acquiring and issuing. Main focus in the product offering for acquiring has been on synchronising product strategy and offering a standardised product across all markets.

The Board of Directors has assessed the going concern of the Company and is satisfied that the Company has the resources to continue in business in the foreseeable future. The pandemic has had a significant impact on businesses and the global economy. Valitor, in common with other companies, is faced with the uncertainty that is associated with the pandemic and its impact on Valitor's customers. This element of uncertainty could affect the revenues of Valitor and create a risk for the Group as well as for the Group's customers. The Group's future operating return is also affected by operating requirements set by official authorities and the card associations. Significant changes to current operating conditions may affect the Group's financial return.

Key performance indicators

In daily management, the use of KPIs support accurate decision making based on data and provide management with guidance on where to place focus. Valitor focuses on EBITDA and Cost to Income ratio as well as Volume and Cost per transaction.

Board level KPIs focus on the shareholders perspective and its return on the investment and are therefore mainly financial. Fundamentally the acquiring operation is a volume-based business and the insight into the cost per transaction is critical as a base determinant of all pricing policies.

On behalf of the board

p Hauksson
Director

8 February 2022

VALITOR 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 company is that of the provision of online and e-commerce payments solutions and acceptance solutions for small and medium size businesses in the UK & ROI with focus on standard solutions in POS and Ecom. The company operates as an authorised Electronic Money Institution by the UK's Financial Conduct Authority under UK implementation of EMD and PSD2. The company is part of Valitor Group that provides international payment solutions emphasising its core values of trust, collaboration and excellence. Valitor's role is to provide its customers with services facilitating successful card payment transactions, thus making buying and selling easy.

Results and dividends

Valitor continues to improve its operations, and the year 2021 can be characterised as a one step closer to becoming profitable. The global coronavirus pandemic had a considerable impact on its operations. The pandemic brought substantial challenges in 2021, where lockdowns and travel restrictions had a material impact on revenues. The pandemic has also impacted some of Valitor's vendors and thus created challenges where Valitor has a dependency on 3rd party deliverables. In common with the financial services industry there was an increase during the year in cybercrime attacks on Valitor's infrastructure which affected operations on occasion and the Company has taken steps to strengthen its defences and to minimise impact from potential service disruption.

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

Directors

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

Mr R K Alexander

K S M Trygg

(Resigned 24 March 2021)

H D Fjeldsted

Þ Hauksson

R Lemmens

(Resigned 24 March 2021)

Post reporting date events

Future Prospects

No event has arisen after the reporting period and up to the approval of these Financial Statements that require additional disclosures.

The Company's Board has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to do so in the foreseeable future. Therefore, the Financial Statements continue to be prepared on a going concern basis.

The Company has been incurring operating losses for the past years and is aiming to become profitable in the foreseeable future. Management has focused on optimisation of the operation, operating expenses are decreasing and the emphasis will continue to be on reducing them further. Non-profitable businesses have been sold from the Company.

Auditor

The auditor, Dyke Yaxley Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

VALITOR LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

P Hauksson
Director

8 February 2022

VALITOR LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

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

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

VALITOR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VALITOR LIMITED

Opinion

We have audited the financial statements of Valitor Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

VALITOR LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VALITOR LIMITED

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

VALITOR LIMITED

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

Irregularities including fraud

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

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.

We did not identify any key audit matters relating to irregularities, including fraud.

As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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.

**Stacey Lea ACA (Senior Statutory Auditor)
For and on behalf of Dyke Yaxley Limited**

14 February 2022

**Chartered Accountants
Statutory Auditor**

1 Brassey Road
Old Potts Way
Shrewsbury
Shropshire
SY3 7FA

VALITOR LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	2	9,549,555	9,022,130
Cost of sales		(6,950,600)	(6,653,118)
Gross profit		<u>2,598,955</u>	<u>2,369,012</u>
Administrative expenses		(3,956,735)	(7,924,854)
Other operating income		75,060	314,823
Operating loss	3	<u>(1,282,720)</u>	<u>(5,241,019)</u>
Interest receivable and similar income	5	3	21,907
Interest payable and similar expenses	6	(1,627)	(54,339)
Loss before taxation		<u>(1,284,344)</u>	<u>(5,273,451)</u>
Tax on loss	7	-	-
Loss for the financial year		<u><u>(1,284,344)</u></u>	<u><u>(5,273,451)</u></u>

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

VALITOR LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Loss for the year	(1,284,344)	(5,273,451)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(1,284,344)</u>	<u>(5,273,451)</u>

VALITOR LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	9		252,292		659,603
Current assets					
Stocks	10	477,863		755,283	
Debtors	11	998,088		1,028,411	
Cash at bank and in hand		1,324,364		2,916,479	
		<u>2,800,315</u>		<u>4,700,173</u>	
Creditors: amounts falling due within one year	12	(662,134)		(1,684,959)	
Net current assets			<u>2,138,181</u>		<u>3,015,214</u>
Net assets			<u>2,390,473</u>		<u>3,674,817</u>
Capital and reserves					
Called up share capital	15	5,000,000		5,000,000	
Profit and loss reserves		(2,609,527)		(1,325,183)	
Total equity			<u>2,390,473</u>		<u>3,674,817</u>

The financial statements were approved by the board of directors and authorised for issue on 8 February 2022 and are signed on its behalf by:

p Hauksson
Director

Company Registration No. 08053178

VALITOR LIMITED

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

	Share capital	Own shares	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 January 2020	33,226,169	(8,198,198)	(17,679,703)	7,348,268
Year ended 31 December 2020:				
Loss and total comprehensive income for the year	-	-	(5,273,451)	(5,273,451)
Issue of share capital	1,600,000	-	-	1,600,000
Reduction of shares	(29,826,169)	-	21,627,971	(8,198,198)
Other movements	-	8,198,198	-	8,198,198
Balance at 31 December 2020	5,000,000	-	(1,325,183)	3,674,817
Year ended 31 December 2021:				
Loss and total comprehensive income for the year	-	-	(1,284,344)	(1,284,344)
Balance at 31 December 2021	5,000,000	-	(2,609,527)	2,390,473

VALITOR LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash absorbed by operations	20	(1,554,636)		(2,584,039)	
Interest paid		(1,627)		(54,339)	
Net cash outflow from operating activities		(1,556,263)		(2,638,378)	
Investing activities					
Purchase of tangible fixed assets		(35,855)		(292,591)	
Interest received		3		21,907	
Net cash used in investing activities		(35,852)		(270,684)	
Financing activities					
Proceeds from issue of shares		-		1,600,000	
Net cash (used in)/generated from financing activities		-		1,600,000	
Net decrease in cash and cash equivalents		(1,592,115)		(1,309,062)	
Cash and cash equivalents at beginning of year		2,916,479		4,225,541	
Cash and cash equivalents at end of year		1,324,364		2,916,479	

VALITOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Valitor Limited is a private company limited by shares incorporated in England and Wales. The registered office is BBA Fjeldco Limited, 2nd Floor, Berkeley Square House, Berkeley Square, London, W1J 6BD.

1.1 Accounting convention

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

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

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

1.2 Going concern

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. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for services supplied.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

Tangible fixed assets 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:

Fixtures, fittings & equipment	20% to 25% straight line
Computer equipment	25% to 33% straight line
Other assets	25% to 50% 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 credited or charged to profit or loss.

Expenditure relating to office furniture and computer equipment is written off to the profit and loss account as it is incurred.

VALITOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

VALITOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 Taxation

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

VALITOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Current tax

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

Deferred tax

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

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

1.12 Retirement benefits

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension plan

The company also operates a defined benefit plan in respect of one director holding office during the prior period. The nature of the scheme is such that the directors can alter the final salary level to be funded based on the value of the contributions the company wishes to make. The contributions are recognised as an expense in the Statement of Comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

1.13 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 leases asset are consumed.

1.14 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.

VALITOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.15 Foreign exchange

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

2 Turnover and other revenue

	2021	2020
	£	£
Other revenue		
Interest income	3	21,907
Grants received	75,060	314,823
	<u> </u>	<u> </u>

3 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	184,026	(817)
Government grants	(75,060)	(314,823)
Fees payable to the company's auditor for the audit of the company's financial statements	24,200	18,675
Depreciation of owned tangible fixed assets	333,755	638,014
Impairment of owned tangible fixed assets	109,411	314,104
Operating lease charges	215,834	267,642
	<u> </u>	<u> </u>

4 Employees

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

2021	2020
Number	Number
47	89
<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	2,108,033	4,210,750
Social security costs	235,197	509,512
Pension costs	94,080	106,084
	<u> </u>	<u> </u>
	<u>2,437,310</u>	<u>4,826,346</u>

VALITOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Other interest income	3	21,907
	<u> </u>	<u> </u>

6 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	1,627	54,339
	<u> </u>	<u> </u>

VALITOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 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	(1,284,344)	(5,273,451)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(244,025)	(1,001,956)
Tax effect of expenses that are not deductible in determining taxable profit	21,576	36,301
Unutilised tax losses carried forward	192,944	873,389
Permanent capital allowances in excess of depreciation	29,505	92,266
Taxation charge for the year	-	-

8 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021 £	2020 £
In respect of:			
Property, plant and equipment	9	109,411	314,104
Recognised in:			
Administrative expenses		109,411	314,104

VALITOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Tangible fixed assets

	Fixtures, fittings & equipment	Computer equipment	Other assets	Total
	£	£	£	£
Cost				
At 1 January 2021	255,165	181,186	860,324	1,296,675
Additions	-	-	35,855	35,855
Disposals	(227,120)	(109,480)	(256,452)	(593,052)
At 31 December 2021	28,045	71,706	639,727	739,478
Depreciation and impairment				
At 1 January 2021	103,411	122,489	411,172	637,072
Depreciation charged in the year	46,311	38,271	249,173	333,755
Impairment losses	98,114	12,120	(823)	109,411
Eliminated in respect of disposals	(227,120)	(109,480)	(256,452)	(593,052)
At 31 December 2021	20,716	63,400	403,070	487,186
Carrying amount				
At 31 December 2021	7,329	8,306	236,657	252,292
At 31 December 2020	151,754	58,697	449,152	659,603

More information on impairment movements in the year is given in note 8.

10 Stocks

	2021 £	2020 £
Finished goods and goods for resale	477,863	755,283

11 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	221,467	345,830
Amounts owed by group undertakings	45,240	-
Other debtors	357,673	155,207
Prepayments and accrued income	373,708	527,374
	998,088	1,028,411

VALITOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Trade creditors		71,000	216,868
Amounts owed to group undertakings		-	18,083
Taxation and social security		104,580	178,087
Deferred income	13	39,998	39,076
Other creditors		446,556	1,149,332
Accruals and deferred income		-	83,513
		<u>662,134</u>	<u>1,684,959</u>

13 Deferred income

	2021 £	2020 £
Other deferred income	<u>39,998</u>	<u>39,076</u>

14 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>94,080</u>	<u>106,084</u>

15 Share capital

	2021 £	2020 £
Ordinary share capital		
Issued and fully paid		
5,000,000 Ordinary Share of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
	<u>5,000,000</u>	<u>5,000,000</u>

VALITOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Operating lease commitments

Lessee

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

	2021 £	2020 £
Within one year	92,000	89,424
Between two and five years	-	1,106
	<u>92,000</u>	<u>90,530</u>

17 Events after the reporting date

No event has arisen after the reporting period and up to the approval of these Financial Statements that require additional disclosures.

18 Related party transactions

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

19 Ultimate controlling party

The company was a wholly owned subsidiary of Iteron Holding Ltd, incorporated in England & Wales, whose registered office is Bba Fjeldco Limited, 2nd Floor Berkeley Square House, Berkeley Square, London, England, W1J 6BD.

The company's ultimate parent company is Arion Bank hf, incorporated in Iceland, whose registered office is 19 Borgartuni, 105 Reykjavik, Iceland.

The parent undertaking of the largest and smallest group for which group accounts are prepared for the year ended 31 December 2020 is Arion Bank hf.

VALITOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Cash absorbed by operations

	2021 £	2020 £
Loss for the year after tax	(1,284,344)	(5,273,451)
Adjustments for:		
Finance costs	1,627	54,339
Investment income	(3)	(21,907)
Depreciation and impairment of tangible fixed assets	443,166	952,118
Movements in working capital:		
Decrease in stocks	277,420	429,974
Decrease in debtors	30,323	1,952,950
Decrease in creditors	(1,023,747)	(694,539)
Increase in deferred income	922	16,477
Cash absorbed by operations	(1,554,636)	(2,584,039)

21 Analysis of changes in net funds

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	2,916,479	(1,592,115)	1,324,364

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.