

Fido Finance Limited

Annual Report and Financial Statements

For the period ended 31 December 2021

Company Registration No. 09385075 (England and Wales)

Fido Finance Limited

Company Information

Directors	J F Parker-Bowles A Gatt	(Appointed 26 January 2022)
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Company number	09385075
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Registered office	IT Centre Innovation Way Heslington York United Kingdom YO10 5NP
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Auditor	Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP
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Fido Finance Limited

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Fido Finance Limited

Strategic Report

For the period ended 31 December 2021

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

Fair review of the business

As planned, we are pleased to report that 2021 was a remarkable year for Fido Finance Ltd. Operational processes were implemented to enhance our platform and to expand the business with the company acquiring a growing number of profitable customers in a crowded financial services sector:

- The number of clients grew from 380 to a healthy number of 2129 at the end of 2021.
- On the revenue split side, our client base is trading significantly internationally, which resulted in about 45% of revenues coming from FX services, with the remaining from accounts and payment fees.
- IT investments and costs were only at 8% of revenues, but major investments are continued to 2022 and beyond, to scale up and further automate for growth.
- Debtors and collections were at a controlled level of less than 2% of revenues and will receive constant monitoring going forward.
- Funding of the international business expansion started modestly in 2021 at about 3.3% of revenues, including establishing a company in Belgium for EU coverage.

To assure full compliance with stringent rules and regulations, the company has defined and continues to work on detailed processes and procedures for compliance, AML and fraud detection management. In addition, with a major part of revenues from FX services, currency evolutions and fluctuations need continuous monitoring to preserve FX margins in healthy ranges.

In terms of the promotion of the success of the business for its members, the directors have implemented the below changes. In doing so they have considered such things as the long-term impact of the change, how the change impacts its employees, customers, stakeholders and the environment, and how it contributes to the company's high standards of conduct and reputation.

Principal risks and uncertainties

In making these key changes, the business is also seeking to mitigate key risks to its model, namely regulatory and service bandwidth.

- Brexit would have restricted the company for further growth, but with the opening of an office in Belgium for EU coverage and the planned opening of an office in USA, the international presence has been managed proactively for growth and to ensure optimal coverage for our clients.
- As an FCA licensed small EMI, the company seeks to partner with financial institutions to complete the service offerings for its clients; this liaison and work with external partners in the various regions requires continuous monitoring and management to facilitate the businesses for continued grow. To manage this risk for the company and reduce the dependency on a UK license, the company has started an EU license application process through its Belgian subsidiary.
- During 2021 the company also started to invest in developing the client systems and operational tools to function as a thru-financial institution. A thorough selection process was run to contract a novel core banking platform Mambu, that will lay the foundation for the company to grow and evolve its product offering. This major investment prepares 2022 for a SaaS core banking implementation project that will require the set-up of an extended professional IT team and operational competence centre.
- During 2022 industry has sown the importance in AML and Monitoring so we have expended on investment for AML and Monitoring by growing the team and also in new technology to mitigate issues with AML and Financial Crime .

Exiting from COVID-19, our international workforce has learned to operate remotely through the use of Teams and other communication tools. Going forward in 2022 and now 2023 the company will commit to investing further in employee welfare whilst maintaining high work ethics to grow the team and the business.

Fido Finance Limited

Strategic Report (Continued)

For the period ended 31 December 2021

On behalf of the board

J F Parker-Bowles
Director

7 March 2023

Fido Finance Limited

Directors' Report

For the period ended 31 December 2021

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

Principal activities

The principal activity of the company continued to be that of data processing and financial intermediation.

Results and dividends

The results for the period are set out on page 10.

Ordinary dividends were paid amounting to £2,000,005. 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:

J F Parker-Bowles

A Gatt

(Appointed 26 January 2022)

Auditor

Moore Kingston Smith LLP were appointed as auditor to the company 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.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

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

J F Parker-Bowles

Director

7 March 2023

Fido Finance Limited

Directors' Responsibilities Statement

For the period 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Fido Finance Limited

Independent Auditor's Report

To the Members of Fido Finance Limited

Opinion

We have audited the financial statements of Fido Finance Limited (the 'company') for the period 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 FRS 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 profit for the period 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.

Conclusions relating to going concern

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

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

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

Other information

The 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.

Fido Finance Limited

Independent Auditor's Report (Continued)

To the Members of Fido Finance Limited

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 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 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 and the Directors' Report.

We have nothing to report in respect of the following matters where 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.

Fido Finance Limited

Independent Auditor's Report (Continued)

To the Members of Fido Finance 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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fido Finance Limited

Independent Auditor's Report (Continued)

To the Members of Fido Finance Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

Other matters which we are required to address

The comparative figures in the financial statements of Fido Finance Limited were not audited as the Company did not require a statutory audit under Companies Act 2006 in the prior year.

Fido Finance Limited

Independent Auditor's Report (Continued)

To the Members of Fido Finance Limited

Use of our report

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

Ryan Day (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

7 March 2023

Chartered Accountants
Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

Fido Finance Limited

Profit and Loss Account

For the period ended 31 December 2021

		Period ended 31 December 2021 £	Year ended 31 January 2021 £
	Notes		
Turnover	3	5,791,239	786,915
Cost of sales		(661,625)	(775,770)
Gross profit		5,129,614	11,145
Administrative expenses		(2,236,323)	(272,466)
Other operating income		18,414	-
Operating profit/(loss)	4	2,911,705	(261,321)
Interest receivable and similar income	7	910	1
Profit/(loss) before taxation		2,912,615	(261,320)
Tax on profit/(loss)	8	(573,967)	53,262
Profit/(loss) for the financial period		2,338,648	(208,058)

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

Fido Finance Limited

Statement of Comprehensive Income

For the period ended 31 December 2021

	Period ended 31 December 2021 £	Year ended 31 January 2021 £
Profit/(loss) for the period	2,338,648	(208,058)
Other comprehensive income	-	-
Total comprehensive income for the period	<u>2,338,648</u>	<u>(208,058)</u>

Fido Finance Limited

Balance Sheet

As at 31 December 2021

	Notes	2021 £	2021 £
Fixed assets			
Intangible assets	10	391,849	65,863
Investments	11	21,008	-
		<u>412,857</u>	<u>65,863</u>
Current assets			
Debtors	13	253,997	62,330
Cash at bank and in hand		11,753,626	278,968
		<u>12,007,623</u>	<u>341,298</u>
Creditors: amounts falling due within one year	15	(10,880,707)	(441,387)
Net current assets/(liabilities)		<u>1,126,916</u>	<u>(100,089)</u>
Total assets less current liabilities		<u>1,539,773</u>	<u>(34,226)</u>
Creditors: amounts falling due after more than one year	16	(582,485)	(21,844)
Provisions for liabilities			
Deferred tax liability	18	(97,226)	53,262
		<u>(97,226)</u>	<u>53,262</u>
Net assets/(liabilities)		<u>860,062</u>	<u>(2,808)</u>
Capital and reserves			
Called up share capital	20	313,956	224,255
Capital redemption reserve		434,526	-
Profit and loss reserves		111,580	(227,063)
Total equity		<u>860,062</u>	<u>(2,808)</u>

The financial statements were approved by the board of directors and authorised for issue on 7 March 2023 and are signed on its behalf by:

J F Parker-Bowles
Director

Company Registration No. 09385075

Fido Finance Limited

Statement of Changes in Equity

For the period ended 31 December 2021

		Share capital	Capital contributionreserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 February 2020		10,100	-	(19,005)	(8,905)
Year ended 31 January 2021:					
Loss and total comprehensive income for the year		-	-	(208,058)	(208,058)
Issue of share capital	20	214,155	-	-	214,155
Balance at 31 January 2021		224,255	-	(227,063)	(2,808)
Period ended 31 December 2021:					
Profit and total comprehensive income for the period		-	-	2,338,648	2,338,648
Issue of share capital	20	89,701	-	-	89,701
Dividends	9	-	-	(2,000,005)	(2,000,005)
Loan discount	20	-	434,526	-	434,526
Balance at 31 December 2021		<u>313,956</u>	<u>434,526</u>	<u>111,580</u>	<u>860,062</u>

Fido Finance Limited

Statement of Cash Flows

For the period ended 31 December 2021

	Notes	2021 £	2021 £
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	25	13,364,651	(121,143)
Interest paid		1	-
Net cash inflow/(outflow) from operating activities		13,364,652	(121,143)
Investing activities			
Purchase of intangible assets		(521,911)	(65,863)
Purchase of subsidiaries		(21,008)	25,000
Interest received		909	-
Net cash used in investing activities		(542,010)	(40,863)
Financing activities			
Proceeds from issue of shares		89,701	214,155
Loan receipt		565,474	-
Repayment of bank loans		(3,154)	-
Dividends paid		(2,000,005)	-
Net cash (used in)/generated from financing activities		(1,347,984)	214,155
Net increase in cash and cash equivalents		11,474,658	52,149
Cash and cash equivalents at beginning of period		278,968	226,819
Cash and cash equivalents at end of period		11,753,626	278,968

Fido Finance Limited

Notes to the Financial Statements

For the period ended 31 December 2021

1 Accounting policies

Company information

Fido Finance Limited is a private company limited by shares incorporated in England and Wales. The registered office is IT Centre Innovation Way, Heslington, York, United Kingdom, YO10 5NP.

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 Reporting period

The entity shortened its reporting period to a 11 month period ending 31 December 2021 to align with Adrian Kreter International Holdings Ltd, who held a 50% ownership of the entity at the period end. The comparative period relates to the results of the 12 month period ending 31 January 2021.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Turnover represents fees and charges receivable from transactions made by customers in relation to payment and foreign exchange services. There are also set up fees for new customers. Fee income is recognised on an accruals basis.

1.5 Research and development expenditure

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

Fido Finance Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2021

1 Accounting policies

(Continued)

1.6 Intangible fixed assets other than goodwill

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

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

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

Development costs	3 years
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1.7 Fixed asset investments

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

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

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

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

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

Fido Finance Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2021

1 Accounting policies

(Continued)

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

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, customer balances in segregated bank accounts, 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.

1.10 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.

Basic financial assets

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

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.

Fido Finance Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2021

1 Accounting policies

(Continued)

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.

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

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.

1.11 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.

1.12 Taxation

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

Fido Finance Limited

Notes to the Financial Statements (Continued)

For the period 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.

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 profit and loss account, 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.

1.13 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.

1.14 Retirement benefits

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

1.15 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.

1.16 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.

Fido Finance Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2021

1 Accounting policies

(Continued)

1.17 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Useful economic life of intangibles

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Goodwill impairment reviews are also performed annually. These reviews require an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value. See note 10 for the carrying amount of the intangible assets.

3 Turnover and other revenue

	2021	2021
	£	£
Turnover analysed by class of business		
Transaction fees	4,670,247	733,717
FX services	1,102,012	-
Other	18,980	53,198
	<u>5,791,239</u>	<u>786,915</u>
	2021	2021
	£	£
Other revenue		
Interest income	910	1
Grants received	18,414	-
	<u></u>	<u></u>

Fido Finance Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2021

4 Operating profit/(loss)

	2021 £	2021 £
Operating profit/(loss) for the period is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	242,882	(7,084)
Government grants	(18,414)	-
Fees payable to the company's auditor for the audit of the company's financial statements	26,900	8,750
Amortisation of intangible assets	195,925	-
Operating lease charges	66,820	12,466
	<u> </u>	<u> </u>

5 Employees

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

	2021 Number	2021 Number
	12	2
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021 £	2021 £
Wages and salaries	340,818	76,478
Social security costs	33,154	3,632
Pension costs	7,099	2,392
	<u> </u>	<u> </u>
	381,071	82,502
	<u> </u>	<u> </u>

6 Directors' remuneration

	2021 £	2021 £
Remuneration for qualifying services	39,067	28,800
Company pension contributions to defined contribution schemes	1,000	1,126
	<u> </u>	<u> </u>
	40,067	29,926
	<u> </u>	<u> </u>

Fido Finance Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2021

7 Interest receivable and similar income

	2021 £	2021 £
Interest income		
Interest on bank deposits	910	1
	<u>910</u>	<u>1</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	910	1
	<u>910</u>	<u>1</u>

8 Taxation

	2021 £	2021 £
Current tax		
UK corporation tax on profits for the current period	423,479	-
	<u>423,479</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	150,488	(53,262)
	<u>150,488</u>	<u>(53,262)</u>
Total tax charge/(credit)	<u>573,967</u>	<u>(53,262)</u>

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

	2021 £	2021 £
Profit/(loss) before taxation	<u>2,912,615</u>	<u>(261,320)</u>
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 0%)</i>	553,397	-
Tax effect of expenses that are not deductible in determining taxable profit	109	-
Change in unrecognised deferred tax assets	23,236	(53,262)
Fixed asset differences	(2,775)	-
Taxation charge/(credit) for the period	<u>573,967</u>	<u>(53,262)</u>

9 Dividends

	2021 £	2021 £
Final paid	<u>2,000,005</u>	<u>-</u>

Fido Finance Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2021

10 Intangible fixed assets

	Development costs £
Cost	
At 1 February 2021	65,863
Additions	521,911
At 31 December 2021	587,774
Amortisation and impairment	
At 1 February 2021	-
Amortisation charged for the period	195,925
At 31 December 2021	195,925
Carrying amount	
At 31 December 2021	391,849
At 31 January 2021	65,863

11 Fixed asset investments

	Notes	2021 £	2021 £
Investments in subsidiaries	12	21,008	-

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 February 2021	-
Additions	21,008
At 31 December 2021	21,008
Carrying amount	
At 31 December 2021	21,008
At 31 January 2021	-

12 Subsidiaries

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

Fido Finance Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2021

12 Subsidiaries (Continued)

Name of undertaking	Registered office	Class of shares held	% Held Direct
Fido Money Belgium	Belgium	Ordinary shares	100.00
Fido Money USA	USA	Ordinary shares	100.00
Fido Money Ireland	Ireland	Ordinary shares	100.00

13 Debtors

	2021 £	2021 £
Amounts falling due within one year:		
Trade debtors	6,092	30,132
Other debtors	247,905	25,000
Prepayments and accrued income	-	7,198
	<u>253,997</u>	<u>62,330</u>

14 Cash at bank

Cash at bank and in hand of £11,974,924 (2020 - £278,968) includes £11,308,334 (2020 - £nil) held in respect of customer balances in segregated bank accounts, the corresponding liability for which is held within trade creditors.

15 Creditors: amounts falling due within one year

	Notes	2021 £	2021 £
Bank loans	17	4,835	3,156
Trade creditors		173,066	149,550
Corporation tax		423,479	-
Other taxation and social security		27,795	16,948
Other creditors		10,225,532	267,233
Accruals and deferred income		26,000	4,500
		<u>10,880,707</u>	<u>441,387</u>

Fido Finance Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2021

16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2021 £
Bank loans and overdrafts	17	17,011	21,844
Other borrowings	17	565,474	-
		<u>582,485</u>	<u>21,844</u>

17 Loans and overdrafts

	2021 £	2021 £
Bank loans	21,846	25,000
Other loans	565,474	-
	<u>587,320</u>	<u>25,000</u>
Payable within one year	4,835	3,156
Payable after one year	582,485	21,844
	<u>587,320</u>	<u>25,000</u>

In the prior year, the company took advantage of a Covid-19 loan of £25k which was interest free until for the first twelve months of the loan. The company started making monthly interest and capital repayments from May 2021. Interest is charged at a fixed rate of 2.5%. No capital is secured against the loan. The loan is repayable in full in May 2026.

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2021 £
Balances:		
Accelerated capital allowances	97,226	(53,262)

Fido Finance Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2021

18 Deferred taxation		(Continued)
		2021
Movements in the period:		£
Asset at 1 February 2021		(53,262)
Charge to profit or loss		150,488
Liability at 31 December 2021		97,226

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

19 Retirement benefit schemes		2021	2021
		£	£
Defined contribution schemes			
Charge to profit or loss in respect of defined contribution schemes		7,099	2,392

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

20 Share capital		2021	2021	2021	2021
		Number	Number	£	£
Ordinary share capital					
Issued and fully paid					
Ordinary shares of £1 each		313,956	224,255	313,956	224,255

21 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	2021
	£	£
Within one year	20,966	-

22 Events after the reporting date

Subsequent to the year end the company issued an additional 9,710 £1 ordinary shares at par. Adrian Kreter International Holdings Ltd is now the majority shareholder of the entity.

Fido Finance Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2021

23 Related party transactions

Transactions with related parties

During the period the company incurred expenditure for IT services of £4,300 (2021: £nil) with a related company and £617 was paid a family member to reimburse expenses incurred in relation to the business. £26,045 (2021: £nil) was incurred as payroll costs for the family member.

At the end of the period, £2,026 (2021: nil) were owed to the directors of the company in relation to expenses incurred and services provided.

At the end of the period the company received a loan of £1,000,000 from Adrian Kreter International Holdings (AKIHL). AKIHL owns 50 percent of the issued share capital of Fido Finance Limited. The loan is to be repaid over the next 3 years.

In the prior year the company also received a loan of €250,000 (£221,409) from Mr A Kreter of Adrian Kreter International Holdings (AKIHL). AKIHL owns 50 percent of the issued share capital of Fido Finance Limited. This loan has since been repaid.

24 Ultimate controlling party

The ultimate controlling parties are Jacob Felix Parker Bowles and Adrian Kreter International Holding Limited who equally own 50% of the shareholding.

25 Cash generated from/(absorbed by) operations

	2021 £	2021 £
Profit/(loss) for the period after tax	2,338,648	(208,058)
Adjustments for:		
Taxation charged/(credited)	573,967	(53,262)
Investment income	(910)	-
Amortisation and impairment of intangible assets	195,925	-
Movements in working capital:		
Increase in debtors	(191,667)	(62,331)
Increase in creditors	10,448,688	202,508
Cash generated from/(absorbed by) operations	13,364,651	(121,143)

Fido Finance Limited

Notes to the Financial Statements (Continued)

For the period ended 31 December 2021

26 Analysis of changes in net funds

	1 February 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	278,968	11,474,658	11,753,626
Borrowings excluding overdrafts	(25,000)	(562,320)	(587,320)
	<u>253,968</u>	<u>10,912,338</u>	<u>11,166,306</u>

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.