

SOLDO FINANCIAL SERVICES LTD

Annual Report and Financial Statements

For the financial year ended 31 December 2020

Registered number: 09495650

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SOLDO FINANCIAL SERVICES LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2020

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SOLDO FINANCIAL SERVICES LTD

DIRECTORS' AND COMPANY INFORMATION

FINANCIAL YEAR ENDED 31 DECEMBER 2020

Directors	Carlo Corrado Gualandri Andrea Gerosa (resigned 14 February 2020) Nicholas James Wilson Dynshaw Fareed Italia (appointed 7 September 2020) Furio Pietribiasi (appointed 10 December 2020)
Registered office	119 Marylebone Road London, NW1 5PU United Kingdom
Auditor	Grant Thornton Chartered Accountants & Statutory Auditors 13-18 City Quay Dublin 2, D02 ED70 Ireland
Bankers	Barclays Bank UK Plc Leicester, Leicestershire LE87 2BB United Kingdom Silicon Valley Bank Alphabeta 14-18 Finsbury Square London, EC2A 1BR United Kingdom Intesa Luxembourg 14 – 21 Boulevard Prince Henri 1724, Luxembourg Intesa Sanpaolo S.p.A. Piazza San Carlo, 156 10121 Torino Italy
Solicitors	Russell-Cooke Solicitors 8 Bedford Row London, WC1R 4BU United Kingdom
Registered number	09495650

SOLDO FINANCIAL SERVICES LTD

DIRECTORS' AND COMPANY INFORMATION

FINANCIAL YEAR ENDED 31 DECEMBER 2020

PRINCIPAL ACTIVITIES

Soldo Financial Services Ltd (the "Company") was registered and incorporated in the England and Wales on 18 March 2015 and is authorised by the Financial Conduct Authority under the Electronic Money Regulations 2011 (FRN: 900459). The principal activity of the Company is that of an Electronic Money Institution which provides payment services to business customers.

BUSINESS REVIEW

The company is part of the wider Soldo group which provides a Pay and Spend Automation Platform for businesses of all sizes. Soldo streamlines spend management for all company spend including but not limited to employee expenses, purchases, advertising, software services, e-commerce.

With Brexit being effective from 1 January 2021, on 1 July 2020 an asset transfer agreement was entered whereby Soldo Financial Services Limited sold to Soldo Financial Services Ireland DAC assets and liabilities relating to its non-UK customers.

During the year ended 31 December 2020, the Company generated total financial services revenues amounting to £4,764,347, which is 14% higher than the previous year revenues of £4,191,085. This increase can be primarily attributed to interchange revenues, which grew by 8% from £3,456,993 in the previous year ended 31 December 2019 to £3,748,418 for the year ended 31 December 2020. Other revenue streams, namely, FX mark-up revenues, currency exchange revenues, ATM revenues, cash and card load revenues, subscription revenues and card issuing revenues in the aggregate have increased from £721,951 in the previous year ended to £1,015,929 in 2020.

FUTURE DEVELOPMENTS

The Company plans to continue its present activities and accelerate business growth by optimizing acquisition and scale up operations and marketing.

PRINCIPAL RISK AND UNCERTAINTIES

As at the year-end date, the Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, strategic risk, capital risk, financial crime risk, compliance risk, information technology risk and economic risk. The Company has adequate procedures in place to monitor these risks and seeks to limit the adverse effects on the financial performance of the Company. The Directors monitor the Company's financial risk management and oversee its internal control procedure.

The principal risks facing the Company are:

Credit risk

The amount of exposure to any individual counterparty is monitored and assessed on a case by case basis. The credit risk is primarily in relation to the Company's bank balances.

Liquidity risk

The Company maintains cash reserves ensuring it has sufficient amounts available to meet its debts as they fall due. These are monitored at a company and wider group level.

SOLDO FINANCIAL SERVICES LTD

DIRECTORS' AND COMPANY INFORMATION

FINANCIAL YEAR ENDED 31 DECEMBER 2020

Strategic risk

The Company is dealing with competitive pressure as new entrants come into the market forcing the Company to stay ahead of the curve in terms of product and price proposition.

Capital risk

This is the risk that the business has insufficient capital resources to meet the operational capital requirements and to absorb the expected losses generated by its high growth business plans, and unexpected losses if any were to occur.

Financial crime risk

As a financial services provider, the Company is subject to heightened risks of criminal activity and money laundering. In order to mitigate these types of risks, the Company has robust know-your-customer ("KYC") and anti-money laundering ("AML") procedures in place, including ongoing transactions monitoring, and has invested heavily to address these risks from its inception.

Compliance risk

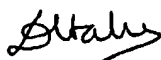
The Company operates in an industry subject to extensive and comprehensive regulation. As a result, it is exposed to various regulatory and compliance risks which could cause customer harm, financial losses or reputational damage.

Information technology risk

This is associated with system interruptions of its own or of its partners, for example if the card processing partner fails.

Economic risk

Due to the recent outbreak of the Coronavirus (COVID-19), our operations in the local market as well as in foreign countries expose us to certain risks inherent in doing business, which may adversely affect our business, results of operations or financial condition. Uncertainty about global economic conditions due to the Coronavirus could result in difficulties providing services, unemployment, negative financial news and/or declines in income or asset values. At this point, the extent to which the coronavirus may impact our results is uncertain and the directors continue to monitor and assess the ongoing development and respond accordingly.



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Dynshaw Fareed Italia

Director

Date Signed: 30/06/2021

SOLDO FINANCIAL SERVICES LTD

DIRECTORS' AND COMPANY INFORMATION

FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Directors of Soldo Financial Services Ltd present their annual report and audited financial statements for the year ended 31 December 2020.

RESULTS AND DIVIDENDS

The results for the financial year ended 31 December 2020 are set out in the Statement of Profit or Loss and Other Comprehensive Income on page 11. Profit before taxation amounted to £1,454,265 (2019: Profit £1,035,775).

The Statement of Financial Position as at 31 December 2020 is set out on page 12. The Company had net assets in the amount of £3,211,542 (2019: 1,757,277).

No ordinary dividends were paid for the financial year ended 31 December 2020 (2019: nil). The directors do not recommend payment of a final dividend for the financial year ended 31 December 2020.

DIRECTORS AND SECRETARY

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

Carlo Corrado Gualandri
Andrea Gerosa (resigned 14 February 2020)
Nicholas Wilson
Furio Pietribiasi (appointed 10 December 2020)
Dynshaw Fareed Italia (appointed 07 September 2020)

GOING CONCERN

During the financial year, the Company reported a profit before tax of £1,454,265 (2019: Profit £1,035,775) and at 31 December 2020 the Company had net assets of £3,211,542 (2019: £1,757,277).

The ability of the Company to continue as a going concern is dependent on the subsequent trading performance and profitability of the Company. In making that assessment, the directors confirm that they have considered its expected revenue streams and expense base. The directors have also prepared forecasts which cover a period of at least twelve months from the date of approval of these financial statements. These forecasts indicate that the Company has sufficient financial resources to enable it to settle its liabilities as and when they fall due.

In light of the above, while there is an inherent uncertainty in the current economic climate, the directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the Company in financial years subsequent to the financial period ended 31 December 2020.

SOLDO FINANCIAL SERVICES LTD

DIRECTORS' AND COMPANY INFORMATION

FINANCIAL YEAR ENDED 31 DECEMBER 2020

CHARITABLE CONTRIBUTIONS

The Company made no charitable contributions during the period (2019: nil).

RESEARCH AND DEVELOPMENT COSTS

The Company did not incur any expenditure in research and development during the period (2019: nil).

POLITICAL DONATIONS

No political donations were made by the Company during the period (2019: nil).

AUDITOR

The Company has reappointed Grant Thornton, Chartered Accountants and Statutory Auditors, as the auditors for the period, in accordance with section 485 of the Companies Act 2006.

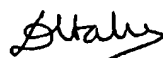
STATEMENT ON RELEVANT AUDIT INFORMATION

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

This report was approved by the Board on 30 June 2021 and signed on its behalf.



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Dynshaw Fareed Italia
Director

SOLDO FINANCIAL SERVICES LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FINANCIAL YEAR ENDED 31 DECEMBER 2020

DIRECTORS' RESPONSIBILITIES

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

UK company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 of the Company 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.

Signed on behalf of the Board on 30 June 2021.



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Dynshaw Fareed Italia
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

SOLDO FINANCIAL SERVICES LTD

FINANCIAL YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the financial statements of Soldo Financial Services Ltd (the 'Company'), which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity for the financial year ended 31 December 2020, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and accounting standards issued by the Financial Reporting Council including FRS 101 "Reduced Disclosure Framework" (Generally Accepted Accounting Practice in the United Kingdom).

In our opinion, Soldo Financial Services Ltd's financial statements:

- give a true and fair view in accordance with IFRS as adopted by the European Union of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance and cash flows for the year then ended; and
- have been prepared in accordance with the requirements of the Companies Act

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 'Responsibilities of the auditor 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 United Kingdom, namely the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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 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 the date 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

Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon, including the Directors' Report and the Strategic Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

SOLDO FINANCIAL SERVICES LTD

FINANCIAL YEAR ENDED 31 DECEMBER 2020

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic report and the Director's 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 we have 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 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

SOLDO FINANCIAL SERVICES LTD

FINANCIAL YEAR ENDED 31 DECEMBER 2020

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Electronic Money Regulations 2011, Data Privacy law, Employment Law, Environmental Regulations, Pensions Legislation, Health & Safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statement.

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management and those charged with governance on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the company's regulatory and legal correspondence and review of minutes of board meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

SOLDO FINANCIAL SERVICES LTD

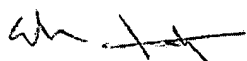
FINANCIAL YEAR ENDED 31 DECEMBER 2020

- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including deferred tax assets, provision for impairment loss and lease accounting;
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

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

The purpose of our audit work and to whom we owe our responsibilities

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.



COLIN FEELY, FCA (Senior Statutory Auditor)

For and on behalf of

GRANT THORNTON

Chartered Accountants & Statutory Auditors

13-18 City Quay

Dublin 2, D02 ED70

Ireland

30 June 2021

SOLDO FINANCIAL SERVICES LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Revenue	6	4,764,347	4,191,085
Cost of sales		(1,428,911)	(1,299,868)
Gross profit		3,335,436	2,891,217
Operating expenses	8	(2,237,388)	(1,695,214)
Provision for impairment loss	14	92,082	(139,293)
Foreign exchange loss		(77,029)	(49,361)
Operating profit		1,113,101	1,007,349
Finance income	9	32,842	28,426
Other income	6	308,322	-
Profit before taxation		1,454,265	1,035,775
Tax on income	10	-	-
Profit for the financial year		1,454,265	1,035,775
Other comprehensive income		-	-
Total comprehensive income for the financial year		1,454,265	1,035,775

All amounts relate to continuing operations.

The accounting policies and notes on pages 14 to 30 form part of these financial statements.

SOLDO FINANCIAL SERVICES LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
ASSETS			
Non-current assets			
Property and equipment	11	6,707	10,594
Intangible assets	12	44,869	-
		<u>51,576</u>	<u>10,594</u>
Current assets			
Cash and cash equivalents	7	3,236,993	11,394,841
Designated client money accounts	13	18,682,309	39,625,451
Trade and other receivables	14	547,149	417,998
Inventories	15	188,770	139,854
Other assets	16	12,907	47,811
Amounts due from group undertakings	18	450,014	-
		<u>23,118,142</u>	<u>51,625,955</u>
TOTAL ASSETS		<u><u>23,169,718</u></u>	<u><u>51,636,549</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables	17	19,475,100	40,167,414
Amounts due to group undertakings	18	483,076	9,711,858
		<u>19,958,176</u>	<u>49,879,272</u>
TOTAL LIABILITIES		<u><u>19,958,176</u></u>	<u><u>49,879,272</u></u>
EQUITY			
Share capital	19	1,724,348	1,724,348
Retained earnings		1,487,194	32,929
TOTAL SHAREHOLDERS' FUNDS		<u><u>3,211,542</u></u>	<u><u>1,757,277</u></u>
TOTAL LIABILITIES AND EQUITY		<u><u>23,169,718</u></u>	<u><u>51,636,549</u></u>

Signed on behalf of the board on 30 June 2021.



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Dynshaw Fareed Italia
Director

The accounting policies and notes on pages 14 to 30 form part of these financial statements.

SOLDO FINANCIAL SERVICES LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2020	1,724,348	32,929	1,757,277
Profit for the financial year	-	1,454,265	1,454,265
Other comprehensive income	-	-	-
Balance at 31 December 2020	1,724,348	1,487,194	3,211,542
Balance at 1 January 2019	1,724,348	(1,002,846)	721,502
Profit for the financial year	-	1,035,775	1,035,775
Other comprehensive income	-	-	-
Balance at 31 December 2019	1,724,348	32,929	1,757,277

The accounting policies and notes on pages 14 to 30 form part of these financial statements.

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2020

1. General information and statement of compliance with IFRS

Company information

Soldo Financial Services Ltd (the “Company”) is a private company limited by shares, incorporated and domiciled in England and Wales. The registered office is 119 Marylebone Road, London, NW1 5PU and the Company registration number is 09495650.

The principal activity of the Company is that of an Electronic Money Institution which provides payment services.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union (EU) and the Companies Act, 2006. They have been prepared under the assumption that the Company operates on a going concern basis.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. Summary of Significant Accounting Policies

2.1. Basis of preparation

The Company statutory financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”) as issued in August 2014. The amendments to FRS 101 issued in July 2015 and effective for financial years commencing 1 January 2015 have also been applied. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“adopted IFRS”), but makes amendments where necessary in order to comply with the Companies Act 2006 as set out below where advantage of the FRS 101 disclosure exemption has been taken.

The consolidated financial statements of the Company’s ultimate parent company, Soldo Software and Services Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 33 Sir John Rogerson’s Quay, Dublin 2, D02 XK09.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.18.

The financials are presented in UK pounds sterling (£) which is the Company’s functional currency.

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

2.2. FRS 101 Disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment';
 - (iii) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - (i) 10(d) (statement of cash flows);
 - (ii) 16 (statement of compliance with all IFRS);
 - (iii) 38A (requirement for minimum of two primary statements, including cash flow statements);
 - (iv) 38B–D (additional comparative information);
 - (v) 111 (cash flow statement information); and
- IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Disclosure exemptions have been added in relation to IFRS 15 paragraphs 110 (second sentence), 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129.
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases

2.3. New or revised Standards and Interpretations

Standards, amendments and interpretations effective in the year beginning 1 January 2020.

- IFRIC 23 Uncertainty over Income Tax Treatments;
- IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9);
- IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28);
- Annual Improvements to IFRS 2015-2017 Cycle;
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).

The adoption of the aforementioned new standards and amendments have no material impact to the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations neither adopted nor listed above have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

2.4. Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

2.5. Revenue recognition

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations;
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue arises from subscription contracts with consumer clients and financial services revenue contracts with consumer and business clients. Subscription revenues are recognised over time, as the clients simultaneously obtains the benefits while consuming software services from the Company through access of the Soldo Group's financial platform and tools. Financial services revenue is recognised at a point in time, since services are transactional in nature and performance obligations are satisfied upon delivery or settlement. The payment terms for both revenue streams are short-term in nature, as payment is due for subscription revenue once an invoice is issued, while financial services revenue are collected immediately as a portion of transaction settlement amounts. In all arrangements, the Company is acting as a principal as it has the ultimate control and responsibility in delivering the promised services to clients. Further, transaction price is fixed and is readily determinable at inception of the subscription contract, and upon initiation of the transaction, in the case of financial services.

2.6. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

2.7. Finance costs

Finance costs are expensed in the period in which they are incurred.

2.8. Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. An item of property and equipment is derecognised upon disposal or when no longer in use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Profit or Loss in the year the item is derecognised.

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

2.8. Property and equipment *(continued)*

Property and equipment is depreciated in order to write them off over their expected useful life to their residual values on the following basis:

Computer equipment	Straight-line over 3 years
--------------------	----------------------------

Property and equipment is reviewed annually for impairment. Any impairment identified is charged in the Statement of Profit or Loss.

2.9. Intangible assets

Intangible assets acquired or developed by the Company are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible assets.

Development	Straight-line over 5 years
-------------	----------------------------

Amortisation methods, useful lives and residual values are reviewed at each balance sheet date.

2.10. Leases

Accounting policy applicable from 1 January 2020

The Company as lessee

For any new contracts entered into on or after 1 January 2020, the Company considers whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

The Company has determined that the rent contracts do not constitute a lease as no right to direct the use of an identified asset is conveyed. The Company recognises payments in relation to the rent contracts as an expense in profit or loss on a straight-line basis over the agreed term.

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

2.10. Leases (continued)

Accounting policy applicable before 1 January 2020

Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Rent free periods are treated as discounts and recognised on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.11. Impairment testing of property and equipment

Non-financial assets, except for deferred tax assets, are reviewed for possible indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate possible impairment. If any such indication exists, then the assets recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit, or CGU').

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is accounted in the same caption of the income statement as the impairment loss. An impairment loss in respect of goodwill is not reversed.

2.12. Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expires, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

FOR THE YEAR ENDED 31 DECEMBER 2020

2.12. Financial instruments (*continued*)

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVTPL and FVOCI. The classification is determined by both:

- the Company's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within operating expenses.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

2.12. Financial instruments *(continued)*

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, internal or external indicators and forward-looking information to calculate the expected losses.

The Company assess impairment of trade receivables on a customer by customer basis. The expected credit loss provision for trade and other receivables is based on historical counterparty default rates and adjusted for relevant forward looking information, when required.

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables, borrowings and other financial liabilities. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2.13. Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the statement of cash flows.

2.14. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

2.15. Equity

Share capital represents the nominal value of shares that have been issued.

Retained earnings includes all current and prior period retained profits and losses.

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

2.16. Post-employment benefits and short-term employee benefits

Retirement benefit costs

The costs charged in the financial statements represent contributions payable by the Company during the period into publicly or privately administered defined contribution pension plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Short-term employee benefits

Short-term employee benefits are recognised as expense and current liability, included in pension and other employee obligations, measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement, unless those costs are required as part of the cost of stock or non-current asset. 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.

2.17. Provisions, contingent assets and contingent liabilities

Provisions for legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

2.18. Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the 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.

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

FOR THE YEAR ENDED 31 DECEMBER 2020

2.18. Taxation (*continued*)

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.

2.19. Critical accounting estimates and judgements

The application of the Company's accounting policies requires the use of estimates and assumptions. If different assumptions or estimates were applied, the resulting values would change, impacting the net assets and income of the Company.

The areas involving significant estimates and judgements are:

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Provision for impairment loss

Management provides for any receivables that they do not believe are collectible. In calculating the provision, the Company uses its historical experience, internal or external indicators and forward-looking information to calculate the expected losses. Management reviews the receivables balance on a regular basis and evaluates whether a provision is necessary.

Leases

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements. The standard also defines a contract as a lease if it conveys the right to control the use of an asset for a period of time in exchange for consideration. Critical judgement was required by the Company in determining whether or not a contract contains a lease. The Company assessed that the contracts did not convey the right to control the use of an identified asset, and therefore do not constitute leases as defined by the standard.

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

2.20. Fair value measurement

Fair value is the amounts for which a financial asset, liability or instrument could be exchanged between knowledgeable and willing parties in an arm's length transaction. It is determined by reference to quoted market prices adjusted for estimated transaction costs that would be incurred in an actual transaction, or by the use of established estimation techniques. The fair values at the end of the reporting period are approximately in line with their reported carrying values unless specifically mentioned in the notes to the financial statements.

3. Going concern

During the financial year, the Company earned income of £ 1,454,265 (2019: Profit £1,035,775 and at 31 December 2020 the Company had net assets of £ 3,211,542 (2019: £1,757,277).

The ability of the Company to continue as a going concern is dependent on the subsequent trading performance and profitability of the Company. In making that assessment, the directors confirm that they have considered its expected revenue streams and expense base. The directors have also prepared forecasts which cover a period of at least twelve months from the date of approval of these financial statements. These forecasts indicate that the Company has sufficient financial resources to enable it to settle its liabilities as and when they fall due.

In light of the above, while there is an inherent uncertainty in the current economic climate, the directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

4. Employees

The average monthly number of persons (including directors) employed by the Company during the financial year was as follows:

	2020 Number	2019 Number
Directors	2	3
Financial services	7	6
Operation and administration	8	7
Market	6	7
	<u>23</u>	<u>23</u>

Their aggregate payroll costs of the above were:

	2020 £	2019 £
Wages and salaries	1,265,051	905,334
Social security costs	144,564	97,698
Pension costs – defined contribution plans	20,967	15,669
Other short-term employee benefits	11,522	8,228
Other employee expense	6,533	4,281
	<u>1,448,637</u>	<u>1,031,210</u>

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

5. Directors' remuneration

The aggregate remuneration in respect of qualifying services for all 2 (2019: 2) directors of the Company was:

	2020 £	2019 £
Directors' salaries	186,893	139,557
Social security costs	24,578	16,968
	<u>211,471</u>	<u>156,525</u>

Other than the amounts disclosed above, any further required disclosures under section 413 of the Companies Act, 2006 were £nil for both the current and preceding financial years.

6. Revenue

Revenue and profits arise from amounts receivable by the Company from the continuing provision of e-money and internal software application services. The analysis of the Company's revenue for the year from continuing operations, broken down per geographical market is as follows:

	2020 £	2019 £
United Kingdom	2,226,246	1,470,111
Europe	2,538,101	2,720,974
	<u>4,764,347</u>	<u>4,191,085</u>

All revenues are recognised at a point in time, with the exception of subscription revenue, which is recognised over time.

Other comprehensive income

On 1 July 2020, the Company sold certain assets and liabilities to a group company, Soldo Financial Services Ireland DAC, in accordance with the asset transfer agreement entered into on the same date. The total consideration paid amounted to £308,322.

7. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2020 £	2019 £
Cash at bank	3,229,251	1,041,342
Electronic money advanced to corporate issuer	7,742	10,353,499
	<u>3,236,993</u>	<u>11,394,841</u>

The directors are satisfied that cash and cash equivalents as at 31 December 2020 are not stated in excess of their recoverable amounts and that no impairment provision is deemed necessary.

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

8. Operating expenses

	2020 £	2019 £
Wages and salaries	1,451,944	905,334
General and administrative	233,717	396,309
Social security costs	169,142	97,698
Professional fees	218,983	50,615
Inventory loss (Note 15)	-	44,745
Pension costs - defined contribution plans	20,967	15,669
Other short-term employee benefits	11,522	8,228
Other employee expense	6,533	4,281
Depreciation of property and equipment	3,887	1,066
Amortisation of intangible assets	3,205	-
Selling and marketing	-	807
Other expenses	117,488	170,462
	<u>2,237,388</u>	<u>1,695,214</u>

9. Finance income

	2020 £	2019 £
Interest income on bank deposits	<u>32,842</u>	<u>28,426</u>

10. Taxation

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Corporate tax on profits for the current period	-	-
Total current tax	<u>-</u>	<u>-</u>
	2020 £	2019 £
Income before taxation	<u>1,454,265</u>	<u>1,035,775</u>
	<u>1,454,265</u>	<u>1,035,775</u>
Tax charge based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	276,310	196,797
Utilisation of tax losses	(276,310)	(196,797)
Tax charge for the period	<u>-</u>	<u>-</u>

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

11. Property and equipment

Details of the Company's property and equipment and their carrying amounts are as follows:

	Total £
Computer equipment	
Cost	
Balance as at 1 January 2020	11,660
Additions	-
Disposals	-
Balance as at 31 December 2020	<u>11,660</u>
Accumulated depreciation	
Balance as at 1 January 2020	(1,066)
Depreciation for the year	(3,887)
Disposals	-
Balance as at 31 December 2020	<u>(4,953)</u>
Carrying amount as at 31 December 2020	<u>6,707</u>

All depreciation charges are included within operating expenses in the statement of profit or loss and other comprehensive income.

12. Intangible assets

Details of the Company's intangible assets are as follows:

	Total £
Development	
Cost	
Balance as at 1 January 2020	-
Additions	48,074
Balance as at 31 December 2019	<u>48,074</u>
Accumulated amortisation	
Balance as at 1 January 2020	-
Amortisation for the year	(3,205)
Balance as at 31 December 2020	<u>(3,205)</u>
Carrying amount as at 31 December 2020	<u>44,869</u>

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

13. Designated client money accounts

	2020 £	2019 £
Designated client money accounts	<u>18,682,309</u>	<u>39,625,451</u>

The carrying value of designated client money accounts are considered to be a reasonable approximation of fair value.

The customer fund are segregated in accordance with Financial Conduct Authority requirements, particularly safeguarding service users' funds under the Payment Services Regulations 2017 (PSRs) and Electronic Money Regulations 2011 (EMRs).

As at 31 December 2019 an amount of £262,207 included in designated client money accounts related to electronic money advanced to the Company's consumer settlement provider, Paysafe. No advancement was made in the current year due to the change in settlement provider during the period.

14. Trade and other receivables

Trade and other receivables consist of the following:

	2020 £	2019 £
Trade receivable from third parties	59,692	88,756
Accrued revenue	1,847	2,980
Other receivables	<u>485,610</u>	<u>326,262</u>
	<u>547,149</u>	<u>417,998</u>

The carrying value of trade receivables are considered to be a reasonable approximation of fair value.

All amounts are short-term. Trade and other receivables are collectable when billed.

At 31 December 2020, the amount of £83,093 (2019: £174,932) included in other receivables is related to the negative balance in customers' electronic money accounts owed to the Company at the end of the year and was fully provided for. Total impairment loss released for the year amounted to £92,082 (2019: £139,293). No other provision for impairment of trade and other receivables have been required.

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

15. Inventories

	2020 £	2019 £
Cards Stock	<u>188,770</u>	<u>139,854</u>

Inventories refer to the carrying value of the plastic cards issued to customers for accessing the electronic wallet to perform the activities related to the services provided by Soldo. As at 31 December 2020 and 2019 the existing inventories are carried at cost after determining that the costs of the inventories are still above their net realisable value. the existing inventories are carried at cost after determining that the costs of the inventories are still above their net realisable value.

16. Other assets

Other assets consist of the following:

	2020 £	2019 £
Security deposits	-	33,900
Prepayments	<u>12,907</u>	<u>13,911</u>
	<u>12,907</u>	<u>47,811</u>

17. Trade and other payables

Trade and other payables consist of the following:

	2020 £	2019 £
Accounts payable to third parties	33,071	316,415
Accruals	325,544	191,309
Other employee obligations	51,867	32,338
VAT payable	41,059	-
Other payables:	<u>19,023,559</u>	<u>39,627,352</u>
	<u>19,438,162</u>	<u>40,167,414</u>

The carrying value of trade payables are considered to be a reasonable approximation of fair value.

Trade and other creditors are payable at various dates over the coming months in accordance with the suppliers' usual and customary credit terms.

As at year end, the amount of £18,673,418 (2019: £35,730,690) included in other payables is related to electronic money issued in favour of customers and is balanced by a corresponding amount of cash held in designated client accounts. The remaining amount in other payables pertain to other client money amounting to £349,897 (2019: £3,894,761) which is also balanced by designated client funds in Note 13.

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

18. Amounts due to and from group undertakings		
	2020	2019
	£	£
Payable to related parties	<u>483,076</u>	<u>9,711,858</u>
Receivable from related parties	<u>450,014</u>	<u>-</u>

Amounts owed to and from related companies represent balances owed to/from the parent company, Soldo Ltd and entities under common control. These amounts are interest free, unsecured and repayable on demand.

19. Share Capital		
	2020	2019
	£	£
Authorised, issued and fully paid		
1,724,348 (2018: 1,724,348) Ordinary shares of £1.00 each	<u>1,724,348</u>	<u>1,724,348</u>

No ordinary shares were allotted during the financial year (2019: nil).

20. Related party transactions

FRS 101.8 (k) exempts the Company from disclosing transactions between this company and other wholly owned members of the group as it is a wholly owned subsidiary of the parent company. There are no other related party transactions requiring disclosure.

There were no transactions with Key Management Personnel during the current and preceding financial years, other than as disclosed in Note 5.

SOLDO FINANCIAL SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

21. Obligations under leases and hire purchase contracts

In the preceding year, the Company had operating leases for the use of office space. The total future value of minimum lease payments is as follows:

	2020 £	2019 £
Operating leases		
Within one year	21,867	131,200
Within two to five years	-	21,867
	21,867	153,067

The amount of non-cancellable lease payments recognised as an expense in the preceding year was £63,174.

For any new contracts entered into on or after 1 January 2020, the Company has applied IFRS 16 'Leases' which replaces IAS 17. As at the year ended 31 December 2020, the Company has assessed that the rent contracts entered into did not qualify as a lease. The Company's accounting policy is outlined in Note 2.8.

22. Pension commitments

The Company operates a defined contributions pension scheme. The pension cost charge represents contributions payable by the Company to the fund and amounted to £20,967 (2019: £15,669). Contributions totalling £4,369 (2019: £3,698) were payable to the fund at the financial year end and are included in other employee obligations.

23. Parent and ultimate parent undertaking

The immediate parent is Soldo Limited, a company incorporated in the United Kingdom. Consolidation of the entity's accounts is taken up in the consolidated financial statements of the ultimate parent undertaking, Soldo Software and Services Limited, a company incorporated in the Republic of Ireland with office address at 33 Sir John Rogerson's Quay, Dublin 2, D02 XK09. The Group accounts are held at this office address.

24. Events after the reporting period

On 11 March 2020, the World Health Organisation officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect the Company. Management does not see a significant negative impact on the Company's activities as revenue in the first four months of 2020 have been stable despite the migration of non-UK EEA customers. Management will continue to monitor the global developments of this new virus and respond accordingly.

25. Authorisation of financial statements

The financial statements were approved by the board of directors and authorised for issue on 30 June 2021.