

Company number: 09570221

Strategic Report, Report of the Directors and
Financial Statements
For the year ended 30 April 2023
for
Settlego Solutions Limited

The Bower
207 - 211 Old Street
London EC1V 9NR

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Settlego Solutions Limited

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Settlego Solutions Limited

Company information

Directors

I V Dimitrova
D J Bull

Company Secretary

R A Given (appointed on 24 February 2023)

Registered office

The Bower
207 – 211 Old Street
London EC1V 9NR

Registered number:

09570221

Auditors:

Deloitte LLP
2 New Street Square
London EC4A 3BZ

SettleGo Solutions Limited

Strategic report (continued)

The Directors present their strategic report for SettleGo Solutions Limited (the “Company”) for the year ended 30 April 2023. The Company is part of the OpenPayd Holdings Limited group of companies (the “Group”).

Principal activities

The Company has an Electronic Money Institution licence issued by the Financial Conduct Authority (“FCA”), registration number 900483, to undertake payment services and issue electronic money.

The Company provides its clients access to banking and international payment solutions through a “Banking as a service” (“BaaS”) technology platform which is connected to a large partner ecosystem.

Business review and financial position

SettleGo Solutions Limited (trading as OpenPayd) provides “Banking-as-a-Service” functionalities through a technology platform via a simple web front end or single application programming interface (API).

Following the deterioration of macro-economic conditions in 2022, the Directors and the Group decided to adopt tactics to bring the Company to profitability in the summer of 2022 by growing the client base and further monetising existing clients.

This strategy has seen total revenue in the year increase by 108% to €7,192,000 (2022: €3,459,000). Overall client volumes (value of client transactions) grew by 360% at €12.3bn (2022: €2.7bn) and number of transactions were 1,089,000 (2022: 299,000). The substantial increase in revenue, volumes and transaction numbers was driven by new clients onboarding with the Company to utilise the BaaS technology and its access to various payment rails. This has also resulted in an increase in the total cash balances held on behalf of clients to €135,741,000 (2022: €28,322,000) at the period end.

The Company utilises the Group’s Banking-as-a-service infrastructure which allows other businesses to access the following services:

- Accounts
 - Electronic money accounts with a proprietary built ledger that securely manages the allocation of funds to clients
 - IBANs (International Bank Account Number) associated with an electronic money account in order to send and receive funds globally
- vIBANs (Virtual International Bank Account Number) which can be allocated to the clients of our clients in named sub-accounts, enabling complete automation of reconciliation and segregation of client funds
- International and Domestic Payments
 - Access to local payment rails such as Faster Payments, SEPA Credit, SEPA Instant and SEPA Direct Debit in order to make real-time, low-cost payments via bank transfer
 - Access international payment rails such as SWIFT in order to make cross-border payments
- Foreign Exchange (FX)
 - Deliverable FX with automated spot pricing and instant settlement of funds
 - Micro-hedging capabilities with all FX services available via API
 - Wholesale rates with flexible pricing models for different transaction sizes
 - FX capabilities 27+ currencies

Settlego Solutions Limited

Strategic report (continued)

- Card Processing
 - Card processing capability enables acceptance of multiple debit and credit card payments
 - PCI certified ultra-scalable gateway to collect payments through a global acquiring and settlement infrastructure
- Managed Services
 - Expert compliance and risk management services including
 - Integrated KYC (Know-Your-Client)
 - KYB (Know-Your-Business)
 - Transaction monitoring

The Company has direct access to the SEPA (Single Euro Payments Area) payment scheme.

A detailed review of the Group's activities is included in the Group's consolidated financial statements for the year ending 30 April 2023.

Future developments

The increased activity in the Company has started to see the business generate monthly profits in the first quarter of the new financial year.

The objective for the Company is to continue to build profitability by growing the new BaaS client base and to continue monetising existing clients. The external environment is expected to remain competitive and challenging over the coming months as a result of high inflation and rising interest rates, despite this the Directors believe that the Company is well positioned to grow its client base and revenues.

As the digital economy grows, Embedded Finance is fast becoming a priority for brands looking to automate manual processes, generate more value from their customers and to compete in a global marketplace. To realise this value, brands need a combination of world-class technology and the right licencing infrastructure. This is core to the Company's proposition.

Key performance indicators (KPIs)

The Company's principal business KPIs for the period are as below:

- Revenue of €7,192,000 (2022: €3,459,000)
- Administrative expenses of €6,890,000 (2022: €3,966,000)
- Operating loss of €1,382,000 (2022: loss of €1,771,000)
- Client transaction volumes of €12.3bn (2022: €2.7bn)
- Number of transactions of 1,089,000 (2022: 299,000)

The Company has selected these financial KPIs to measure and assess its performance with revenue growth being closely monitored to ensure the increased use of the Company's payment services and platform by both new and existing clients. The Company closely monitors controllable expenses and uses total administrative expenses items to measure these.

Settlego Solutions Limited

Strategic report (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors have carried out an assessment of the principal risks facing the Company which are outlined below.

Legal & Regulatory risk

The Company operates in a strictly regulated industry and is therefore subject to compliance risk with respect to a number of laws and regulations from national regulators, payment schemes and banking partners. These laws and regulations place demands on the Company to meet certain thresholds including in respect of capital requirements, liquidity, governance, and anti-money laundering controls. The breaching of any applicable laws or regulations could result in an inability to operate.

The Legal, Compliance and Risk functions support the Directors with monitoring developments which includes the use of compliance and fraud monitoring tools to assist with the anti-money laundering and other screening activities undertaken by the functions. Appropriate measures are taken should any particular risk change significantly.

Capital adequacy and safeguarding risk

As an FCA regulated entity, the Company has certain minimum capital requirements and is required to ensure its capital exceeds a minimum threshold at all times. For the Company this means its capital (comprising share capital, share premium, and all other equity reserves attributable to the equity holders) and own funds have to exceed 2% of client balances (based on a rolling average over the preceding six months). The Directors monitor this closely to ensure sufficient headroom and the Company has met their minimum capital requirements at all times during the year. As at the reporting period end, the Company has a minimum capital requirement of €2,671,000 (2022: €462,000) and a headroom of €512,000 (2022: €3,751,000).

The Company is required to safeguard client monies in segregated accounts in line with FCA regulations. These positions are reconciled at least daily.

Financial crime risk

The Company deals in and holds client funds and is subject to a heightened risk of criminal activity and potential losses due to breaches of its terms of businesses by its clients. This risk is mitigated through the Company's own robust "know-your-customer" procedures, on-going transaction monitoring systems and anti-money laundering procedures, including regular training for all employees.

Operational risk

Technology systems are central to the Company's business operations and its clients place strong reliance on secure and continuous service. The Company's operations are highly sensitive to any incidents or outages for a period of time. Loss of commercial or personal data could damage the business or the Company's reputation and result in financial penalties.

The Company has mechanisms in place to protect it from data and security breaches which include regular vulnerability and penetration testing. The systems are PCI-DSS (Payment Card Industry Data Security Standard) compliant, where required.

Settlego Solutions Limited

Strategic report (continued)

Additionally, there is a risk that the Company's platform technology falls behind that available in the wider market which could result in a loss of clients and revenue. The Group continues to invest in its technology infrastructure and product offering to mitigate this risk.

The Company relies on third-party banks with which it has agreements that provide access to the various payment networks. If these agreements were terminated there would be a detrimental impact on the Company's ability to service clients and earn revenue.

The Company has business continuity plans which are reviewed and tested regularly. These plans were operational during the Covid-19 pandemic with minimal disruption to the Company's operations. The Company has a hybrid working model where all employees split their working hours between the office and remote working.

The Company has a number of large clients and the loss of a few of these clients would cause a disproportionate fall in revenue. The Group's investment in technology infrastructure aims to attract an increasing and more diverse set of clients to mitigate this risk.

Foreign exchange rate risk

The Company deals with payments in a variety of foreign currencies with the vast majority of revenues and costs being in Euro, although with a small element of the costs in Pound Sterling. The Company therefore has exposure to movements in foreign exchange rates. To reduce this risk individual currency flows are matched where possible with conversions made on a timely basis when required.

Interest rate risk

The Company is exposed to interest rate risk on borrowings, the risk of increased interest expenses on its overdraft balances. The exposure during the period and at the period end were immaterial and the Company actively manages its cash balances in order to reduce the exposure.

Post period end, the Company started to earn interest income on cash and deposit balances and is exposed to the risk of reduced income from adverse movements in interest rates. To reduce the risk, deposits are diversified across different banking counterparties and revenue from BaaS service continues to be the Company's main revenue stream.

Credit risk

The Company is exposed to credit risk through the banks and other institutions in which it holds its own and restricted funds held on behalf of clients. The Company manages exposure to credit risk by holding funds in a number of institutions that management considers to be financially sound.

Liquidity risk

This is the risk the Company could not meet its financial obligations as they fall due. The Company's major exposure is to its clients in the form of the balances they hold and these are all supported by monies held in segregated funds, as is required by FCA regulations under the Company's e-money licence, so could be funded in full even if a substantial proportion of client balances were withdrawn at once. The Company also monitors its own funds closely to ensure sufficient liquidity for on-going requirements including daily reconciliation of client and segregated funds.

Settlego Solutions Limited

Strategic report (continued)

SECTION 172 STATEMENT

Each Director of the Company continues to be mindful of their statutory duty to promote the success of the Company and Group for the benefit of the shareholder and in doing so having regard (amongst other matters) to those factors set out in section 172 (1)(a) -(f) of the Companies Act 2006:

- (a) The likely consequences of any decision in the long-term
- (b) The interests of the Company's employees
- (c) The need to foster the Company's business relationships with suppliers, clients and others
- (d) The impact of the Company's operations on the community and the environment
- (e) The desirability of the Company maintaining a reputation for high standards of business conduct
- (f) The need to act fairly between members of the Company

Decision making and key decisions

Collectively, the Board recognises the impacts of the decisions made will be different for each of its key stakeholder groups. The Board understands the importance of considering the impact on those stakeholders in order to balance their interests whilst promoting the success of the Company and the Group.

The Company provides payment services to its clients within a regulated industry and has therefore identified its key stakeholders as employees, clients, regulators, business partners and the ultimate controlling party. The Board is committed to effective engagement with all of its key stakeholders. The Board members directly engage with stakeholders and regularly receives reports from across the organisation. The Board considers the information along with interests and views of other key stakeholders to better understand the impact of the Group's operations.

The Board sets strategic goals and objectives that are focused around developing the Company's proposition and service to fulfil the long-term needs of its clients and other key stakeholders. During the year, the Board made the following key decisions together with a summary of how the Board considered the wider stakeholder group in regard to its duties under section 172:

- Setting the new strategy: the Board executed a number of initiatives throughout the financial year with a view of returning the business to profitability. The Board has paid particular regard to meeting clients' current and long-term needs, ensuring employees are fully informed, motivated and empowered to play their part, the ultimate controlling party's appetite to grow the business in order to generate return and the regulator's requirements on the business.
- Return to the office: since COVID-19 restrictions lifted in early 2022, the Board took an approach to return to the office on a hybrid basis and have continued to monitor and adapt working arrangements. In deciding on this approach, the board considered the variety of views from employees whilst ensuring minimum disruptions to the clients. The Board recognises the need of continued support both in the office and working from home, providing facilities for ongoing engagement and collaborations by meetings both in person and online.

Settlego Solutions Limited

Strategic report (continued)

The stakeholders and how the Board engage them

The Company has in place the following framework to ensure Directors have effective engagement with its key stakeholders and those other matters referenced in section 172(1).

Employees

The Company is an equal opportunities employer and our employees and applicants are treated fairly regardless of their age, colour, creed, disability, full or part-time status, gender, marital status, nationality or ethnic origin, race, religion or sexual orientation. Applications from disabled people are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged.

The Company's policy is that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company encourages the development of employees through training and funds are allocated to enable all staff to benefit from external training each year.

The Company encourages employees to undertake charity work by offering to match employees' charity fund raising efforts.

The Company places considerable value on the active involvement of its employees on matters affecting them. This is achieved through visible and regular communications, both formal and informal, from their own management and the Directors, including company-wide briefing sessions and employee surveys. The Company does not have a specific human rights policy. However, human rights are not deemed a material risk for the business due to the developed culture of ethical business practice and strong labour regulation present in the locations where the Company is based.

Clients

The Company has regular and frequent interactions with clients and potential clients throughout the journey from initial approach, to on-boarding and day-to-day operations. These interactions take place at all levels within the Company. The Company's platforms are developed to ensure clients can be offered industry-leading solutions.

Regulators

The Company's regulated activities require a licence to operate. Without a licence the Company would not be able to provide regulated activities to its clients and generate shareholder returns.

The Board will always work with its regulators to ensure the Company meets all of its regulatory standards both as they stand and as they evolve, and during the year this involved providing additional information in relation to the Company's financial resilience. Where necessary it seeks expert help in implementing robust and compliant procedures.

Settlego Solutions Limited

Strategic report (continued)

Business partners

The Company's business partners includes both service providers and other suppliers. Their ability to deliver reliable and consistent services underpins the Company's ability to provide reliable services to clients and ultimately deliver strong financial returns. The Board and senior management regularly meet and liaise with key strategic partners, as well as potential partners to enable expansion of the Company's client offering.

Ultimate controlling party

The Company is 100% owned by OpenPayd Holdings Limited which in turn has a majority shareholder who is the ultimate controlling party. The Board is in regular dialogue with the parent company and the ultimate controlling party who receives all key reports including those relating to financial performance and projections of the Company. See note 17 on page 37.

CORPORATE & SOCIAL RESPONSIBILITY

The Company understands its activities have an impact on the wider world and is mindful of its responsibilities to all of its stakeholders including clients, employees, business partners, as well as the wider community in which it operates.

The Company also remains mindful of its impact on the environment and seeks to minimise this where possible. As an office-based technology business, our impact on the environment is relatively light by our business operations which are delivered electronically. Impact of staff travelling to the office is also minimal as all staff uses public transport with the office conveniently located in central London and very close to public transport links. Hybrid working has further reduced any footprint of traveling to the office on regular basis.

The level of paper consumption in the office is very low with most documents obtained, stored and accessed electronically. The offices are equipped with recycling facilities, filtered drinking water for the refill of water bottles. Furthermore, client contacts and communications are generally conducted electronically and consequently with little carbon footprint.

Employees are often required to travel to clients, industry conferences, attending or hosting events. There has been increased activity in this area as the business concentrated on growing its client base. The Directors are fully aware of the environmental impacts and are committed to ensure these activities are controlled to minimise the impact on the environment.

The Company is an equal opportunities employer and our employees and applicants are treated fairly regardless of their age, colour, creed, disability, full or part-time status, gender, marital status, nationality or ethnic origin, race, religion or sexual orientation. Applications from disabled people are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues, and the appropriate training is arranged.

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Settlego Solutions Limited

Strategic report (continued)

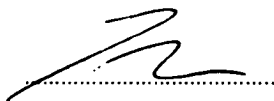
CORPORATE & SOCIAL RESPONSIBILITY (continued)

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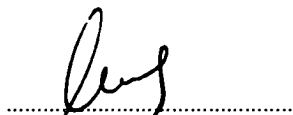
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Approved and authorised by the Board for issue, and signed on its behalf by



D J Bull – Director

27 September 2023



I V Dimitrova - Director

27 September 2023

Settlego Solutions Limited

Directors' report

The Directors present their report with the financial statements of the Company for the year ended 30 April 2023.

Results and dividend

The results of the Company for the year are set out on pages 19 to 38 and show a loss after taxation of €1,144,000 (2022: loss of €1,331,000). There was no dividend paid during the year (2022: no dividend paid during the year).

Share capital

Details of share capital are included in Notes 14 and 15 on page 36.

Directors

The following Directors have held office during the year and up to the date of this report:

D J Bull

I V Dimitrova

Directors' indemnities

The Group had qualifying third-party indemnity provisions for the benefit of its directors which were in place during the year and remain in force at the date of this report. These indemnity provisions were also in place for the parent and fellow subsidiaries in the Group, including the Company. The Group also purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors and on behalf of fellow subsidiaries in the Group, including the Company.

Sections included in the Strategic Report

- Principal risks and uncertainties
- Future developments

Going concern statement

The financial statements are prepared on a going concern basis. In making this assessment the Directors have considered a wide range of information including:

- the deterioration of macro-economic conditions since 2022 and into 2023, of high inflation, rapidly rising interest rates and changes in market conditions particularly within financial technology businesses;
- the return to monthly profitability at the end of the first quarter post period end of the Group and the Company as a result of continued revenue growth experienced over the last year;
- the current state of the balance sheet, future projections of profitability, cash flows and the strategy of the business;
- the future projections of own capital and headroom above the capital requirements; and
- the impact of a number of stressed but plausible downside scenarios on the financial projections.

Settlego Solutions Limited

Directors' report (continued)

After considering the above, the Directors are satisfied that the financial statements are prepared on a going concern basis that the Group and Company have the resources to continue in business for the foreseeable future (which has been taken as 12 months from the date of approval of these financial statements).

Disclosure of information to auditors

Each of the Directors as at the date of approval of this report confirms that:

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

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

Auditors

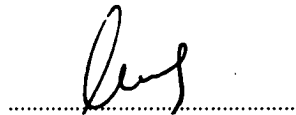
Deloitte LLP will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved and authorised by the Board for issue, and signed on its behalf:



D J Bull – Director

27 September 2023



I V Dimitrova - Director

27 September 2023

Settlego Solutions Limited

Statement of Directors' responsibilities

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 adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. 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, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Independent auditor's report to the member of
Settlego Solutions Limited**

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Settlego Solutions Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 April 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- the statement of cashflows; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law, and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

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 Financial Reporting Council's (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.

**Independent auditor's report to the member of
Settlego Solutions Limited**

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which 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.

**Independent auditor's report to the member of
Settlego Solutions Limited**

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, IFRS and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Payment Services Regulations, Electronic Money Regulations, employment law, suspicious transaction reporting and Anti Money Laundering laws.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures to address it are described below:

- revenues may not be accurately recognised (accuracy): We tested the design and implementation of key controls mitigating the risk and performed specific test of details such as recalculating a sample of fees based on signed agreements and agreeing samples to cash. Based on procedures performed we consider the revenue to be accurately recognised.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with the Financial Conduct Authority.

**Independent auditor's report to the member of
Settlego Solutions Limited**

Report on other legal and regulatory requirements

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 directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

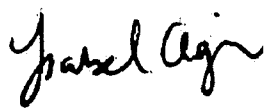
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

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.



Isabel Agius (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
27 September 2023

Settlego Solutions Limited

Income statement

For the year ended 30 April 2023

	Note	Year ended 30 April 2023 €'000	Year ended 30 April 2022 €'000
Revenue	5	7,192	3,459
Cost of sales		<u>(1,651)</u>	<u>(1,264)</u>
Gross profit		5,541	2,195
Administrative expenses	6	(6,890)	(3,966)
Net impairment on financial assets	9	<u>(33)</u>	<u>-</u>
Operating loss	6	(1,382)	(1,771)
Net finance income		<u>1</u>	<u>-</u>
Loss before taxation		(1,381)	(1,771)
Tax credit on loss	8	<u>237</u>	<u>440</u>
Loss for the year		<u>(1,144)</u>	<u>(1,331)</u>

All activities are derived from continuing operations.

There are no other items of comprehensive income or expense.

The notes on pages 23 to 38 form an integral part of these financial statements.

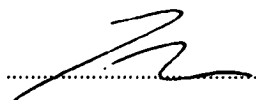
Settlego Solutions Limited
Company number: 09570221

Balance sheet as at 30 April 2023

	Note	30 April 2023 €'000	30 April 2022 €'000
Non-current assets			
Deferred tax asset	8	320	434
		320	434
Current assets			
Trade and other receivables	9	1,709	194
Corporate tax asset	8	700	393
Restricted cash	10	135,741	28,322
Cash and cash equivalents	10	2,505	4,712
		140,655	33,621
Total assets		140,975	34,055
Current liabilities			
Client balances	12	(135,741)	(28,322)
Trade and other payables	11	(1,731)	(778)
Overdrafts	12	-	(308)
		(137,472)	(29,408)
Net current assets		3,183	4,213
Net assets		3,503	4,647
Equity			
Called-up share capital	14	-	-
Share premium account	15	2,133	2,133
Retained earnings	15	1,370	2,514
Total equity		3,503	4,647

The notes on pages 23 to 38 form an integral part of these financial statements.

The financial statements of Settlego Solutions Limited were approved by the Board of Directors and authorised for issue on 27 September 2023. They were signed on its behalf by:



D J Bull – Director

Settlego Solutions Limited**Statement of changes in equity**
For the year ended 30 April 2023

	Called -up share capital €'000	Share premium account €'000	Retained earnings €'000	Total €'000
As at 1 May 2021	-	2,133	3,845	5,978
Loss for the year	-	-	(1,331)	(1,331)
Other comprehensive income	-	-	-	-
As at 30 April 2022	-	2,133	2,514	4,647
Loss for the year	-	-	(1,144)	(1,144)
Other comprehensive loss	-	-	-	-
As at 30 April 2023	-	2,133	1,370	3,503

The notes on pages 23 to 38 form an integral part of these financial statements.

Settlego Solutions Limited

Statement of cash flows

For the year ended 30 April 2023

	Note	Year ended 30 April 2023 €'000	Year ended 30 April 2022 €'000
Cash flows from operating activities	15	107,646	2,449
Net cash generated from operating activities		107,646	2,449
Net cash generated during year		107,646	2,449
Foreign exchange movements		(2,126)	-
Cash and cash equivalents at start of year		32,726	30,277
Cash and cash equivalents at end of year		138,246	32,726
Restricted cash	10	135,741	28,322
Cash and cash equivalents at end of year	10	2,505	4,712
Overdrafts		-	(308)
Total cash and cash equivalents at end of year		138,246	32,726

The notes on pages 23 to 38 form an integral part of these financial statements.

Settlego Solutions Limited

Notes to the financial statements (continued)

1. Statutory information

Settlego Solutions Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found in the Company Information section on page 3.

The principal activities of the Company and the nature of the Company's operations are set out in the Strategic report on page 4.

2. Basis of preparing the financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The equivalent statements, notes and disclosure are included in the consolidated financial statements of the Company's immediate parent, OpenPayd Holdings Limited for the year ended 30 April 2023 which are also prepared in accordance with IFRS. These financial statements will be filed with Companies House and can be obtained in writing from the Company Secretary at the Company's registered office (see page 3).

Going concern statement

The financial statements are prepared on a going concern basis. In making this assessment the Directors have considered a wide range of information including:

- the deterioration of macro-economic conditions since 2022 and into 2023, of high inflation, rapidly rising interest rates and changes in market conditions particularly within financial technology businesses;
- the return to monthly profitability at the end of the first quarter post period end of the Group and the Company as a result of continued revenue growth experienced over the last year;
- the current state of the balance sheet, future projections of profitability, cash flows and the strategy of the business;
- the future projections of own capital and headroom above the capital requirements; and
- the impact of a number of stressed but plausible downside scenarios on the financial projections.

After considering the above, the Directors are satisfied that the financial statements are prepared on a going concern basis that the Group and Company have the resources to continue in business for the foreseeable future (which has been taken as 12 months from the date of approval of these financial statements).

Notes to the financial statements (continued)

3. Accounting policies

Functional and presentational currency

The functional currency of the Company is considered to be euros because that is the currency of the primary economic environment in which the Company operates and which principally influences its pricing for services and its costs. The financial statements are also presented in euros, rounded to the nearest thousand euros.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

Financial instruments

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

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that have no stated interest rate (and do not constitute financing transactions), including debtors and creditors, and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Notes to the financial statements (continued)

3. Accounting policies (continued)

Financial instruments (continued)

Expected credit losses ("ECL")

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition or have low credit risk at the reporting date, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, whether or not have objective evidence of impairment at the reporting date, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). Expected credit losses are the weighted average credit losses with the probability of default ("PD") as the weight.

The Company has not recognised any loss against trade receivables of which there has neither been experience of any loss nor indicators of impairment based on current financial conditions. The Company however recognises a loss allowance against receivables from other group companies based on the risk profile of the group. The Company's trade receivables and contract assets do not contain a significant financing component and the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead the loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL recognised at each reporting date.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a cash generating unit ("CGU"), the reversal is applied first to the assets of the CGU on a pro-rata basis.

Notes to the financial statements (continued)

3. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise both restricted cash and own cash and cash equivalents. It includes cash on hand and demand deposits that are readily convertible to a known amount of cash. All cash and cash equivalents are classified at amortised cost and are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Restricted cash

Restricted cash is included within total cash, but represent funds held on behalf of clients. These funds are segregated from operating funds and are therefore separately disclosed within these financial statements. As a regulated entity the Company is obliged to hold qualifying liquid assets in segregated accounts at least equal to the amount of electronic money (e-money) that has been issued.

Cash and cash equivalents

These own operating funds are included within total cash and represent own funds held.

Client balances

The Company recognises a liability upon the issuance of e-money to its clients equal to the amount of e-money that has been issued. As an FCA regulated entity the Company is required to keep sufficient segregated funds to safeguard these amounts.

Revenue

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax, other sales taxes.

Revenue within the Company derives from payment, foreign exchange and other services on the Banking-as-a-Service platform provided to clients and the Company's main performance obligation is to provide a platform ready to provide electronic money services to clients who all hold contracts with the Company for the provision of those services. The contracts determine the services and accounts provided, and fees associated with them. Fees earned comprise principally direct transactional charges, which are levied and collected at the time of the transactions, but also include certain items which are apportioned over a period of time (generally monthly). These are recognised over the time period to which they relate, which are invoiced and collected immediately after the relevant period has passed.

Cost of sales

Cost of sales primarily relate to fees and charges incurred by the Group in the processing and settlement of transactions.

Administrative expenses

Administrative expenses comprise all other costs of running the business (excluding cost of sales) and include employee and contractor costs, depreciation and amortisation, audit and other professional advisory costs, office expenses and technology related costs.

Settlego Solutions Limited

Notes to the financial statements (continued)

3. Accounting policies (continued)

Finance income

Net finance income is recognised using the effective interest method.

Employee benefits

For defined contribution pension schemes the amount charged to the income statement in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

The tax credit or charge for the year represents the sum of tax currently payable or receivable and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current or deferred taxation assets and liabilities are not discounted.

Current tax

Tax currently payable or receivable is based on taxable profit or loss for the year. Taxable profit differs from net profit as reported in profit or loss 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 end of the reporting period.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unutilised tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Share capital and share premium account

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs, with the nominal value included in share capital, and any excess proceeds recognised in the share premium account.

Foreign currencies

The Company has various operational currencies. Assets and liabilities in foreign currencies are translated into Euro at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Euro at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

Notes to the financial statements (continued)

3. Accounting policies (continued)

Changes to accounting standards

The following new standards or amendments or interpretations are effective for the current year but have had no impact on the Group's results or financial position:

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
- IFRS 17, 'Insurance contracts'
- Amendments to IFRS 3 Reference to the conceptual framework
- Amendments to IAS 16 Property, plant and equipment – proceeds before intended use
- Amendments to IAS 37: Onerous contracts – costs of fulfilling a contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
- Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction

At the date of these financial statements, the following standards or amendments in issue but not yet effective are not expected to have any significant impact on the Group's results or financial position:

- Amendment to IAS 1 – Non-current liabilities with covenants (effective 1 January 2024)
- Amendment to IFRS 16 – Leases on sale and leaseback (effective 1 January 2024)
- Amendments to IAS 1: Classification of liabilities as current or non-current (effective 1 January 2024)
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies (effective for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 8: Definition of accounting estimates (effective for annual periods beginning on or after 1 January 2023)

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Notes to the financial statements (continued)

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Recognition of deferred tax asset

The Company recognises deferred tax assets which have arisen due to losses incurred. Judgement is required in determining the extent to which these can be utilised against future taxable profits. Deferred tax assets are only recognised to the extent they are considered more likely than not to be recoverable based on existing tax laws and forecasts of future taxable profits against which the tax deductions can be utilised.

The Board of Directors assess the Company's future profits alongside its short to medium term strategic plans and financial forecasts, taking into account any future economic uncertainty. Further information can be found in the Going Concern section of the Strategic report.

Determination of functional currency

The choice of the Company's functional currency requires judgement with respect to the primary economic environment in which the Company operates. Although the majority of the Company's clients are now UK based following the UK's loss of passporting rights after its full departure from the European Union at the end of 2020. The Directors still consider that Euro is the currency of the primary economic environment in which the Company operates and therefore it is appropriate to use Euro as the Company's functional currency.

This judgement has been made taking into account a number of factors: a large proportion of sales prices for its goods and services are denominated and settled in Euros; the currency mix of transactional flows and balances that pass through the Company's payments platform are heavily weighted towards Euro and funding from the Company's ultimate controlling party are denominated in Euros.

The Directors don't consider there to be any other critical accounting judgments or key sources of estimation uncertainty in the preparation of the Company's financial statements.

5. Revenue

The following table shows Banking and payments as a service revenue by location of client:

	Year ended 30 April 2023	Year ended 30 April 2022
	€'000	€'000
UK	4,265	3,017
Europe	246	31
Rest of World	2,681	411
Total	7,192	3,459

All revenue was generated from the rendering of services. The majority of the Company's revenue is denominated in euro, irrespective of the location of the client.

Included within revenue is amounts generated from related parties and this is disclosed in note 17.

Settlego Solutions Limited**Notes to the financial statements (continued)****6. Operating loss**

Operating loss is stated after charging the following within administrative expenses:

	Year ended 30 April 2023	Year ended 30 April 2022
	€'000	€'000
Staff costs	395	323
Charges from other group companies	5,985	2,814
Technology costs	41	148
Legal and professional charges	416	403
Impairment charges	-	68
Tax related and other expenses	110	176
Foreign exchange (gains)/losses	(57)	34
	6,890	3,966

Fees payable to the Company's auditor for the audit of the Company's finance statements amounts to €92,000 (2022: €78,000). Fees payable to the Company's auditor for other assurance related services amount to €36,000 (2022: €119,000).

7. Staff costs

	Year ended 30 April 2023	Year ended 30 April 2022
	€'000	€'000
Wages & salaries	345	276
Social security & taxes	36	33
Pensions – defined contribution schemes	14	14
	395	323

Monthly average number of employees:

	Year ended 30 April 2023	Year ended 30 April 2022
Total	3	3

The key management of the Company comprises the Directors. The two current serving directors have not received remuneration for services to this Company in the current or prior year as their remuneration is recorded in another Group entity OpenPayd Holdings Ltd.

Settlego Solutions Limited**Notes to the financial statements (continued)****8. Taxation**

	Year ended 30 April 2023 €'000	Year ended 30 April 2022 €'000
The tax credit comprises		
Current tax		
UK tax – prior years	323	11
	<u>323</u>	<u>11</u>
Deferred tax		
Origination and reversal of timing differences – current year	270	429
Reversal of timing differences – prior year	(429)	-
UK corporate tax rate change	73	-
Total deferred tax	<u>(86)</u>	<u>429</u>
Total tax credit on loss	<u>237</u>	<u>440</u>

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	Year ended 30 April 2023 €'000	Year ended 30 April 2022 €'000
The tax credit comprises		
Loss before tax	<u>(1,381)</u>	<u>(1,771)</u>
Tax credit on loss at standard UK corporation tax rate of 19.5% (2022: 19%)	268	336
Effects of:		
Prior year adjustments	(106)	11
Change in UK tax rates	75	104
Disallowed items	-	(13)
Other	-	2
Tax for the year	<u>237</u>	<u>440</u>

The main rate of UK corporation tax increased from 19% to 25% from 1 April 2023. The deferred tax asset at 30 April 2023 has therefore been measured at 25% based on the time period over which it is expected to reverse.

	Year ended 30 April 2023 €'000	Year ended 30 April 2022 €'000
The movement in the deferred tax asset comprises:		
At beginning of year	434	-
Charge arising in year	(84)	429
FX movements	(30)	5
At end of year	<u>320</u>	<u>434</u>

Settleco Solutions Limited**Notes to the financial statements (continued)****9. Trade and other receivables**

	30 April 2023	30 April 2022
Amounts due within one year included in current assets:	€'000	€'000
Trade receivables	261	69
Amounts owed by other group companies	1,418	67
Prepayments	1	45
Social security and other taxes	26	13
Other receivables	3	-
	1,709	194

Other receivables include amounts due from related parties (see note 17).

No interest is charged on outstanding trade and other receivables. The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade and other receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company has not recognised any loss against trade receivables of which there has neither been experience of any loss nor indicators of impairment based on current financial conditions. The Company has recognised a loss allowance against receivables from other group companies based on the risk profile of the group. The loss rate is based on the published credit default swap spread of a similar business from a similar sector with a maturity period of six month and recovery rate of 40%. This has resulted in a loss rate of 2.26% recognised against receivables from other group companies in the current year. There was no ECL recognised in prior year due to low receivable balances. There has been no change in the estimation techniques during the current reporting period.

	30 April 2023
	€'000
Amounts owed by other group companies	1,451
Expected credit loss	(33)
	1,418
	ECL
	€'000
As at 30 April 2022	-
Impairment charge	(33)
As at 30 April 2023	33

Settlego Solutions Limited**Notes to the financial statements (continued)****10. Cash and cash equivalents**

	30 April 2023	30 April 2022
	€'000	€'000
Restricted cash	135,741	28,322
Cash and cash equivalents	2,505	4,712
	138,246	33,034

Restricted cash is matched by an equivalent liability due to clients as described in note 3. The use of these funds is restricted to settling client liabilities as they fall due. Included within both restricted cash and client liabilities is €2,225,000 (2022: €2,111,000) in respect of balances transferred by clients of the Company to clients of OpenPayd Financial Services Malta Limited which, as 30 April 2023, had not yet been settled. Cash settlements typically take place daily and this amount was transferred to OpenPayd Financial Services Malta Limited on 2 May 2023.

11. Trade and other payables

	30 April 2023	30 April 2022
	€'000	€'000
Trade payables	307	37
Accruals	413	249
Amounts owed to other group companies	948	452
Social security and other taxes	21	37
Other payables	42	3
	1,731	778

Other payables include amounts due to related parties (see note 16).

12. Financial instruments

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Foreign exchange risk
- Interest rate risk
- Liquidity risk

Financial instruments by category

Financial assets held at amortised cost	30 April 2023	30 April 2022
	€'000	€'000
Trade and other receivables current	1,649	136
Restricted cash	135,741	28,322
Cash and cash equivalents	2,505	4,712
	139,895	33,170

Settlego Solutions Limited

Notes to the financial statements (continued)

12. Financial instruments (continued)

Financial liabilities held at amortised cost	30 April 2023	30 April 2022
	€'000	€'000
Trade and other payables	1,710	741
Client balances	135,741	28,322
Overdrafts	-	308
	137,451	29,371

For all financial assets and liabilities held at amortised cost the net book value is in line with their estimated fair value.

Credit and concentration risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, restricted cash and trade and other receivables. The cash and cash equivalents and restricted cash are deposited with different banking partners. The Directors consider low risk of losses from these financial instruments.

The maximum credit risk is equivalent to the total amount of financial assets included within this note above.

Foreign currency risk

The Company is exposed to a small currency risk due to financial assets and liabilities denominated in a currency other than the functional currency, primarily pound sterling. The Company manages the exposure to currency risk by commercially transacting in Euro and limiting the use of other currencies for operating expenses, wherever possible, thereby minimising the realised and unrealised foreign exchange gain or loss.

The Company's exposure to foreign currency at the reporting date was:

	As at 30 April 2023		As at 30 April 2022	
	GBP	Other non-EUR	GBP	Other non-EUR
	€'000	€'000	€'000	€'000
Restricted cash	18,258	29,624	5,027	465
Cash and cash equivalents	153	12	140	132
Trade and other payables	(565)	(14)	(251)	(10)
Client balances	(18,706)	(28,875)	(6,091)	(40)
Overdrafts	-	-	(308)	-
Total	(860)	747	(1,483)	547

As at 30 April 2023 a strengthening of the Euro by 1% against all other currencies (with no other changes) would increase profit and equity by €1,000 (2022: decrease by €12,000). A weakening of the Euro by 1% would have an opposite effect to the figures above.

Settlego Solutions Limited

Notes to the financial statements (continued)

12. Financial instruments (continued)

Interest rate risk

The Company is exposed to interest rate risk on borrowed funds. The Company only has exposures on overdraft balances which are minimal with a total overdraft balance of nil as at 30 April 2023 (2022: €308,000).

Liquidity risk

Liquidity risk is the risk the Company will be unable to meet its financial obligations as they fall due. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments using year-end spot rate for all items denominated in a foreign currency.

As at 30 April 2023	Carrying amount €'000	On demand €'000	Less than one year €'000
Trade and other payables	1,710	-	1,710
Client balances	135,741	135,741	-
	137,451	135,741	1,710

As at 30 April 2022	Carrying amount €'000	On demand €'000	Less than one year €'000
Trade and other payables	741	452	289
Client balances	28,322	28,322	-
Overdrafts	308	308	-
	29,371	29,082	289

The Directors control and monitor the Company's cashflow on a regular basis with the objective of ensuring it will always have sufficient liquidity to meet liabilities as they fall due. All of the cash balances are held on demand, with trade and other receivables are current and less than 90 days old at the balance sheet date. The significant surplus of short-term financial assets compared to financial liabilities means the Directors assess the Company's liquidity risk to be low.

13. Capital management

For the purpose of the Company's capital management, capital includes called-up share capital, share premium account and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

As a regulated entity, the Company has certain minimum capital requirements which the Company continually monitors to ensure sufficient headroom is maintained. The capital requirements are set as a function of average client balances held by the Company. The Company has met their minimum capital requirements at all times during the years ended 30 April 2022 and 30 April 2023.

Settlego Solutions Limited**Notes to the financial statements (continued)****14. Called-up share capital**

	30 April 2023	30 April 2022
	€	€
Allotted, issued and fully paid:		
275 (2022: 275) ordinary shares of £1 each	312	312

15. Share premium account and other reserves

	Share premium account €'000	Retained earnings €'000	Total €'000
At 1 May 2021	2,133	3,845	5,978
Loss for the year	-	(1,331)	(1,331)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(1,331)	(1,331)
Dividends paid	-	-	-
As at 30 April 2022	2,133	2,514	4,647
Loss for the year	-	(1,144)	(1,144)
Other comprehensive expense	-	-	-
Total comprehensive loss	-	(1,144)	(1,144)
Dividends paid	-	-	-
As at 30 April 2023	2,133	1,370	3,503

16. Reconciliation from loss before tax to cash flows from operating activities

	Year ended 30 April 2023 €'000	Year ended 30 April 2022 €'000
Loss before tax	(1,381)	(1,771)
Finance income	1	-
(Increase)/decrease in trade and other receivables	(1,515)	52
Increase in client balances	109,588	4,302
Increase/(decrease) in trade and other payables	953	(134)
Cash flows from operating activities	107,646	2,449

Settlego Solutions Limited**Notes to the financial statements (continued)****17. Related party balances**

The Company's immediate parent is OpenPayd Holdings Limited, and its results are included in the consolidated financial statements of that entity.

The Company has also had some transactions with other related parties that are also under the control of the Company's ultimate controlling party. A summary of balances and transactions during the year is included below, with current year figures only including balances with those entities that were related parties during the year:

Revenue from related parties	Year ended 30 April 2023 €'000	Year ended 30 April 2022 €'000
Included within revenue from banking and payments as a service:		
From other OpenPayd group companies	15	1
From other related parties	64	32
	<u>79</u>	<u>33</u>
Costs and expenses to related parties	Year ended 30 April 2023 €'000	Year ended 30 April 2022 €'000
Included within cost of sales:		
To other related parties	48	51
Included within administrative expenses:		
To other group companies	5,985	2,814
Balances with related parties	30 April 2023 €'000	30 April 2022 €'000
Amounts in trade and other receivables:		
Amounts due from other group companies	1,418	67
Amounts included in cash:		
Amounts held by related parties:	<u>21</u>	<u>61</u>
Balances with related parties	30 April 2023 €'000	30 April 2022 €'000
Amounts included in trade and other payables:		
Amounts due to other group companies	<u>(948)</u>	<u>(452)</u>
Amounts included in client balances*:		
Amounts due to other OpenPayd group companies	(67)	(823)
Amounts due to ultimate controlling party	(1,809)	(998)
Amounts due to other related parties	<u>(3,184)</u>	<u>(8,175)</u>
	<u>(5,060)</u>	<u>(9,996)</u>

*For amounts included in client balances there is a corresponding balance included within restricted cash.

Related party balances are unsecured and are settled periodically in line with standard terms.

Settlego Solutions Limited

Notes to the financial statements (continued)

18. Ultimate controlling party

The ultimate controlling party is Mr Ozan Ozerk.

The Company's immediate parent is OpenPayd Holdings Limited (same registered address as the Company as disclosed on page 3) and this is both the smallest and largest undertaking preparing consolidated accounts in which the Company's results are included.

19. Post balance sheet events

There are no subsequent events to note.