

Company registration number: 07956446

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE PERIOD ENDED

1 JANUARY 2022

BLACKHAWK NETWORK
(EUROPE) LIMITED



MENZIES
BRIGHTER THINKING

BLACKHAWK NETWORK (EUROPE) LIMITED

COMPANY INFORMATION

Directors

P Gurney
M Howe
K Richesson

Registered number

07956446

Registered office

Westside
London Road
Hemel Hempstead
Hertfordshire
United Kingdom
HP3 9TD

Independent auditors

Menzies LLP
Chartered Accountants & Statutory Auditor
Lynton House
7-12 Tavistock Square
London
WC1H 9LT

BLACKHAWK NETWORK (EUROPE) LIMITED

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BLACKHAWK NETWORK (EUROPE) LIMITED

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 1 JANUARY 2022

Introduction

The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Principal activity

The principal activity of Blackhawk Network (Europe) Limited (the "Company") is the marketing, activation and sale of physical and electronic gift cards through its distribution channels in the UK, Europe and the Nordics. Additionally the Company sells Employee Engagement and Recognition Platforms to enable greater performance, retention and productivity in an organisation's workforce.

Business review

The Group profit for the year ended 1 January 2022, after taxation, amounted to £2,564,000 (2021: £29,592,000). The profit is a significant decrease on prior year due to the one off disposal of the Achievers business during 2021 which generated a profit on disposal of £28,952,000. In addition the Group paid a dividend to the parent company during 2022 of £15,352,000.

Group net current assets decreased by £10,618,000 as a result of the payment of the dividend.

On 8th June 2021 Blackhawk Network (UK) Ltd voluntarily terminated its participation and licenses in issuing Mastercard products. All Mastercard BIN numbers together with restricted cash and card holder liability were transferred to another group company.

Principal risks and uncertainties

Our ability to maintain and grow our business depends on a number of factors, many of which are outside our control. These factors include:

- Our operating revenues may decline if we or Blackhawk Network, Inc. lose one or more of our top retail distribution partners, or if we fail to maintain existing relationships with our retail distribution partners or fail to attract new retail distribution partners to our network, or if the financial performance of our retail distribution partners' businesses declines.
- The Blackhawk Network Group relies on its content providers for its product and service offerings, and the loss of one or more of our top content providers or a decline in demand for their products, or our failure to maintain existing arrangements with certain content providers or to attract new content providers to its network, could have a material adverse effect on our business.
- The Company is dependent on the efficient and uninterrupted operation of Blackhawk Network Inc's transaction processing systems, including its computer network systems and data centres, and if such systems are disrupted, our business, results of operations and financial condition could be materially and adversely affected. A data security breach could expose the Company to costly government enforcement actions, liability and protracted and costly litigation, and could adversely affect our reputation and operating revenues.
- Failure to keep pace with the rapid technological developments in our industry and the wider electronic payments industry may materially and adversely affect our business, results of operations and financial condition.
- Due to the nature of the Group's business and the assets and liabilities contained within the Group's Statement of Comprehensive Income, the main financial risk the Directors consider relevant is credit risk. This is mitigated by the Group's credit control policies.
- The Company has assessed its exposure to risks arising from the COVID-19 pandemic during 2020 and 2021. As part of these considerations, the Company's Directors have assessed the threat this could have on the solvency of key trading partners. Through frequent and regular credit checks completed on all key trading partners, the Directors have gained assurance that the risk the pandemic could pose to major trading areas in the business is low, with no major dependency identified on any one partner.

BLACKHAWK NETWORK (EUROPE) LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 1 JANUARY 2022

- The Directors are confident the Group has sufficient resources and group support to continue trading for at least 12 months from the date of this report.

Key performance indicators

The following are our key performance indicators. Turnover is generated by the commission received from our card partners.

	2022	2021
Turnover (£000)	85,129	66,774
Gross profit % of turnover	14.7%	20.1%
Operating profit % of turnover	3.94%	1.21%

S172 Statement

As per the group's duty to promote the success of the company for the benefit of all stakeholders, under section 172(1) of the Companies Act (2006), the following statement outlines our key actions. We continually strive to uphold a high-quality standard across our product portfolio. We take considerable action to make sure that all stakeholders are supplied with all relevant information in relation to our business decisions.

Foster business relationships with suppliers, customers, and other stakeholders

Our customers

We take the utmost care to be transparent in all of our customer communications. We do not mislead or convey false information. We divide our cardholder communications between marketing and transactional, to ensure that customer preferences are adhered to. We tailor our offering and subsequent email communications to relevant, honest topics where we have a genuine belief (and resulting data) that our customers have an interest.

We monitor 'NPS' scores from our customers, in addition to various other KPIs for call handling, such as volume of calls answered within 20 seconds and call abandon rates. We have produced documentation over the past year to assist our customers in their user journey of our products so as to provide a seamless and quality level of service.

Partners and suppliers

When managing and building relationships with our partners and suppliers, we maintain a vigorous auditing process that ensures we present ourselves at the expected standard. We provide robust compliance training for our employees, which results in positive partner and supplier management.

We work conscientiously with our partners to provide quality content to our customers, while keeping an open channel of communication to highlight issues or changes to service in good time. Our suppliers are trusted, compliant businesses who we audit on an annual basis. These audits allow us to remain in a position of trust with our customers and partners.

Interests of employees

The interests of our employees are deep rooted within everything we do at Blackhawk Network (Europe) Limited. We invest our time into regular employee briefings, so that all internal stakeholders feel informed as to company decisions and processes. We provide the opportunity for quarterly feedback via our 'Listen Surveys', of which the results are collated and acted upon.

We also provide in depth compliance training such as anti-money laundering, code of business conduct and ethics, data privacy and information security. These trainings are mandatory once per 12-month period.

BLACKHAWK NETWORK (EUROPE) LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 1 JANUARY 2022

Our review process, undertaken every 6 months, allows employees to envision a clear career progression and provides a forum for issues to be raised and dealt with professionally.

Act fairly as between members of the company

Blackhawk Network (Europe) Limited are dedicated to ensuring transparency in a fair and just manner between its members.

Maintain a reputation for high standards of business conduct

Our board of directors are experts in their field and can therefore make calculated decisions under pressure, to drive our business forward without compromising on the quality of our products, reputation or service. We are known within the payments industry as a compliant and well-managed organisation.

Impact of the operations on the community and the environment

In light of the marked concerns surrounding environmental health, there are a number of initiatives underway. We take into consideration all impact points along the production line and have minimised our emissions wherever possible.

In terms of our products, we have focused on driving forward digital-first options. Whilst physical rewards are available to our clients, we highlight the many benefits of utilising our technology, over printed form.

In relation to our workforce and offices, we employ the services of a waste removal company who sort our waste and ensure that as little as possible goes into landfill.

We encourage our staff to commute via a green method and reward those who choose to travel via bike, car-share or public transport. We have installed cycling facilities and provide employees with access to our Cyclescheme benefit whereby participants agree to use their bike for commuting purposes where possible.

Additionally, we have invested in our headquarters to ensure that energy is consumed in a thoughtful way.

We have built some strong relationships within our local and wider community. We have a 'charity of the year', with several hosted fundraising events for our employees to participate in. We also encourage our employees to invest their own time in volunteering roles, with two working days per year granted for community outreach, per employee.

We have raised multiple sums of money and donations of belongings for our local foodbank and many of our staff have participated in team volunteer days to collate and distribute donations at the shelter. Other teams have visited other local charities to help with ongoing projects.

Likely consequence of any decision in the long term

Our Board of Directors consider the potential consequences of all decisions and appropriately weigh risk against each action. Regular reporting and a robust escalation process mean that the board remain fully informed at all times and are poised to take action if required.

This report was approved by the board and signed on its behalf.

DocuSigned by:

2345BE3472384B7...
M Howe
Director

Date: 30-Sep-2022

BLACKHAWK NETWORK (EUROPE) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 1 JANUARY 2022

The Directors present their report and the audited financial statements of the Group for the fiscal year ended 1 January 2022. Fiscal years 2022 and 2021 consisted of 52 and 53 weeks respectively and ended on 1 January 2022 and 2 January 2021 respectively. All reference to years represents fiscal years, unless otherwise noted.

Details of activities and principal risks and uncertainties can be found in the Strategic Report and form part of this report by cross-reference.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the period, after taxation, amounted to £2,564,000 (2021 - £29,592,000).

A dividend of \$21,300,000 (£15,352,000) was declared and paid on 23rd April 2021 to the parent company.

Directors

The directors who served during the period were:

P Gurney
M Howe
K Richesson

BLACKHAWK NETWORK (EUROPE) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 1 JANUARY 2022

Going concern

During 2022 the Directors have made a strategic decision to combine various legal entities in the UK to simplify the Blackhawk group structure and reduce costs. It is anticipated that the trade and assets of Blackhawk Network (Europe) Ltd group will be transferred as a going concern to Hawk Incentives Ltd (company number 04155659) with effect from 1st January 2023. Once the transfer is complete the legal entity will be dissolved as soon as practically possible.

As required by UK accounting standards, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities will be transferred to the fellow subsidiary at their carrying amounts.

Financial risk management and objectives

The Group's activities expose it to a number of risks including credit risk, liquidity risk and cash flow risk. The Group does not use financial derivatives to manage these risks. The measures in place and associated considerations are set out below.

Credit risk

The Group's principal financial assets are cash, trade debtors and amounts owed by group undertakings. Credit risk is primarily attributable to cash at bank and trade debtors. The Group seeks to minimise exposure on trade debtors by issuing regular invoices, enforcing credit terms and acting as agent only on the majority of its contracts.

The credit risk on cash balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity and cash flow risk

In order to maintain liquidity and ensure that sufficient funds are available for ongoing operations, cash with respect to cardholder funds is entirely ring-fenced in separate bank accounts and not used to fund day to day operations. The Group itself does not have any external debt finance.

Future developments

Blackhawk Network (Europe) Limited (and any new legal entity it operates from in the future) will continue to expand its distribution networks through grocery, convenience, speciality and online channels. It continues to expand its product portfolio to include newly launched third party branded gift cards, prepaid cards and other category specific Own Content cards.

Refer to post balance sheet events disclosures for information surrounding the transfer of trade.

Qualifying third party indemnity provisions

The Group has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report. The maximum liability guaranteed on behalf of Directors is approximately £50 million. This is a group-wide indemnity provision that benefits all Directors of all companies within the Blackhawk group.

BLACKHAWK NETWORK (EUROPE) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 1 JANUARY 2022

Energy usage and greenhouse gas emissions

	2021 (kWh)	2020 (kWh)
Emissions from combustion or gas tCO ₂ e (Scope 1)	-	-
Emissions from combustion fuel for transport purposes (Scope 1)	-	-
Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel (Scope 3)	-	-
Emissions from purchased electricity (Scope 2, location based)	45,654	55,779
Total gross CO ₂ e based on the above	10	12
Intensity ratio: tCO ₂ e/£million revenue	0.11	0.18

Quantification and reporting methodology and organisational boundary

In providing the above we have followed the 2018 UK Government environmental reporting guidance, as updated and issued in March 2019, and applied the 2020 UK Governments conversion Factors for Company Reporting.

We have used the financial control approach to define the organisational boundaries.

Intensity measurement

We have chosen the metric gross UK scope 1 and 2 emissions in tonnes of CO₂e per £million of revenue as this is the most common business metric for our industry sector

Energy efficiency

In terms of our products, we have focused on driving forward digital-first options. Whilst physical rewards are available to our clients, we highlight the many benefits of utilising our technology, over printed form.

We encourage our staff to commute via a green method and reward those who choose to travel via bike, car-share or public transport. We have installed cycling facilities and provide employees with access to our Cyclescheme benefit whereby participants agree to use their bike for commuting purposes where possible.

Additionally, we have invested in our headquarters to ensure that energy is consumed in a thoughtful way.

Disclosure of information to auditors

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 and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

BLACKHAWK NETWORK (EUROPE) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 1 JANUARY 2022

Post balance sheet events

The current intention of management is that they will move the trade of the Company to another company in the Blackhawk Network Holdings, Inc group and for the Company to cease to trade. They also took the decision that they would move the trade of its remaining trading subsidiary Intelligent Card Solutions Limited to another company in the Blackhawk Network Holdings, Inc group, and for that subsidiary to cease to trade.

On 24 June 2022 a DS01 Application to strike off a company was filed at Companies House on behalf of one of its subsidiaries, Blackhawk Network (UK) Ltd.

Auditors

The auditors, Menzies LLP, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:

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M Howe
Director

Date: 30-Sep-2022

BLACKHAWK NETWORK (EUROPE) LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLACKHAWK NETWORK (EUROPE) LIMITED

Opinion

We have audited the financial statements of Blackhawk Network (Europe) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 1 January 2022, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 1 January 2022 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Emphasis of matter - financial statements prepared on a basis other than going concern

We draw attention to Note 2.2 to the financial statements which explains that the directors intend to transfer the trade and assets of the company to another group company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern.

Our opinion is not modified in respect of this matter.

BLACKHAWK NETWORK (EUROPE) LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLACKHAWK NETWORK (EUROPE) LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

BLACKHAWK NETWORK (EUROPE) LIMITED

MENZIES
BRIGHTER THINKING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLACKHAWK NETWORK (EUROPE) LIMITED (CONTINUED)

Auditors' 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 Auditors' 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 Group financial statements.

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

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant.

- The Companies Act 2006
- Financial Reporting Standard 102;
- UK employment legislation;
- UK tax legislation

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We understood how the Group is complying with those legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures.

The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.

We assessed the susceptibility of the Group financial statements to material misstatement, including how fraud might occur.

Audit procedures performed by the engagement team included:

- Identifying and assessing the measures management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Challenging assumptions and judgments made by management in its significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- The application of inappropriate judgements or estimation to manipulate the financial position in the calculation of the year end provisions.
- Posting of unusual journals and complex transactions

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our 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 Auditors' report.

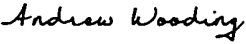
BLACKHAWK NETWORK (EUROPE) LIMITED

MENZIES
BRIGHTER THINKING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLACKHAWK NETWORK (EUROPE) LIMITED (CONTINUED)

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 Auditors' 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.

DocuSigned by:

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Andrew Wooding FCA (Senior statutory auditor)

for and on behalf of
Menzies LLP

Chartered Accountants
Statutory Auditor

Lynton House
7-12 Tavistock Square
London
WC1H 9LT

Date: 30-Sep-2022

BLACKHAWK NETWORK (EUROPE) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 1 JANUARY 2022

		Continuing operations	Discontinued operations	Total	Continuing operations As restated	Discontinued operations As restated	Total
	Note	2022 £	2022 £	2022 £	2021 £	2021 £000	2021 £000
Turnover	4	85,129	-	85,129	61,533	5,241	66,774
Cost of sales		(72,582)	-	(72,582)	(52,981)	(385)	(53,366)
Gross profit		12,547	-	12,547	8,552	4,856	13,408
Administrative expenses		(9,192)	-	(9,192)	(7,196)	(5,401)	(12,597)
Operating profit	6	3,355	-	3,355	1,356	(545)	811
Profit on sale of business unit	5	-	374	374	-	28,952	28,952
Fair value gain on investments		-	-	-	271	-	271
Interest payable	10	(160)	-	(160)	(98)	-	(98)
Profit before taxation		3,195	374	3,569	1,529	28,407	29,936
Tax on profit	11	(1,005)	-	(1,005)	(344)	-	(344)
Profit for the financial period		2,190	374	2,564	1,185	28,407	29,592

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 21 to 41 form part of these financial statements.

**BLACKHAWK NETWORK (EUROPE)
LIMITED**
REGISTERED NUMBER:07956446

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 1 JANUARY 2022**

	Note	1 January 2022 £000	As restated 2 January 2021 £000
Fixed assets			
Intangible assets	13	3,024	3,376
Tangible assets	14	83	94
Investments	15	-	2,807
		<u>3,107</u>	<u>6,277</u>
Current assets			
Stocks	16	677	81
Debtors	17	84,301	94,384
Cash at bank and in hand	18	52,349	52,119
		<u>137,327</u>	<u>146,584</u>
Creditors: amounts falling due within one year	19	<u>(111,115)</u>	<u>(109,754)</u>
Net current assets		26,212	36,830
Creditors: amounts falling due after more than one year		<u>(3,000)</u>	<u>(4,000)</u>
Net assets		26,319	39,107
Capital and reserves			
Called up share capital	23	10	10
Capital contribution	24	324	324
Profit and loss account	24	25,985	38,773
Equity attributable to owners of the parent Company		26,319	39,107

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

 23458E3472384B7...
M Howe
 Director

Date: 30-Sep-2022

The notes on pages 21 to 41 form part of these financial statements.

BLACKHAWK NETWORK (EUROPE) LIMITED

REGISTERED NUMBER:07956446

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2022

	Note	1 January 2022 £000	As restated 2 January 2021 £000
Fixed assets			
Tangible assets	14	84	90
Investments	15	3,848	3,848
		<u>3,932</u>	<u>3,938</u>
Current assets			
Stocks	16	62	81
Debtors	17	83,098	92,503
Cash at bank and in hand	18	44,800	28,507
		<u>127,960</u>	<u>121,091</u>
Creditors: amounts falling due within one year	19	(109,142)	(88,784)
Net current assets		<u>18,818</u>	<u>32,307</u>
Total assets less current liabilities		<u>22,750</u>	<u>36,245</u>
Creditors: amounts falling due after more than one year		(3,000)	(4,000)
Provisions for liabilities			
Deferred taxation	22	-	(11)
		<u>-</u>	<u>(11)</u>
Net assets		<u>19,750</u>	<u>32,234</u>
Capital and reserves			
Called up share capital	23	10	10
Capital contribution	24	324	324
Profit and loss account brought forward		31,900	3,473
Profit for the period		2,868	28,427
Dividend		(15,352)	-
		<u>19,416</u>	<u>31,900</u>
Profit and loss account carried forward		<u>19,750</u>	<u>32,234</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

DocuSigned by:

 M Howe
 Director
 30-Sep-2022

BLACKHAWK NETWORK (EUROPE) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 1 JANUARY 2022

	Called up share capital	Capital contribution	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£000	£000	£000	£000	£000
At 3 January 2021	10	324	38,773	39,107	39,107
Comprehensive income for the period					
Profit for the period	-	-	2,564	2,564	2,564
Dividends: Equity capital	-	-	(15,352)	(15,352)	(15,352)
Total transactions with owners	-	-	(15,352)	(15,352)	(15,352)
At 1 January 2022	10	324	25,985	26,319	26,319

The notes on pages 21 to 41 form part of these financial statements.

BLACKHAWK NETWORK (EUROPE) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 2 JANUARY 2021

	Called up share capital	Capital contribution	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£000	£000	£000	£000	£000
At 1 January 2020	10	324	9,181	9,515	9,515
Comprehensive income for the period					
Profit for the period	-	-	29,592	29,592	29,592
Total comprehensive income for the period	-	-	29,592	29,592	29,592
At 2 January 2021	10	324	38,773	39,107	39,107

The notes on pages 21 to 41 form part of these financial statements.

BLACKHAWK NETWORK (EUROPE) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 1 JANUARY 2022

	Called up share capital	Capital contribution	Profit and loss account	Total equity
	£000	£000	£000	£000
At 3 January 2021	10	324	31,900	32,234
Comprehensive income for the period				
Profit for the period	-	-	2,868	2,868
Total comprehensive income for the period	-	-	2,868	2,868
Dividends: Equity capital	-	-	(15,352)	(15,352)
Total transactions with owners	-	-	(15,352)	(15,352)
At 1 January 2022	10	324	19,416	19,750

The notes on pages 21 to 41 form part of these financial statements.

BLACKHAWK NETWORK (EUROPE) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 2 JANUARY 2021

	Called up share capital	Capital contribution	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	10	324	3,473	3,807
Comprehensive income for the period				
Profit for the period	-	-	28,427	28,427
Total comprehensive income for the period	-	-	28,427	28,427
At 2 January 2021	10	324	31,900	32,234

The notes on pages 21 to 41 form part of these financial statements.

BLACKHAWK NETWORK (EUROPE) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 1 JANUARY 2022

	1 January 2022 £000	2 January 2021 £000
Cash flows from operating activities		
Profit for the financial period	2,564	29,592
Adjustments for:		
Amortisation of intangible assets	352	143
Depreciation of tangible assets	39	23
Loss on disposal of tangible assets	2,814	-
Interest paid	160	98
Taxation charge	1,005	344
(Increase)/decrease in stocks	(596)	64
Decrease/(increase) in debtors	12,412	(8,420)
(Increase)/decrease in amounts owed by groups	(2,191)	-
Increase in creditors	5,102	3,395
(Decrease)/increase in amounts owed to groups	(4,013)	-
Net fair value losses/(gains) recognised in P&L	-	(271)
Corporation tax (paid)	(587)	(291)
Profit on disposal of business unit	-	(28,952)
Net cash generated from operating activities	17,061	(4,275)
Cash flows from investing activities		
Purchase of tangible fixed assets	(35)	(99)
Purchase of fixed asset investments	-	(2,443)
Disposal of business unit	-	17,473
Net cash from investing activities	(35)	14,931
Cash flows from financing activities		
Repayment of other loans	(1,284)	(380)
Dividends paid	(15,352)	-
Interest paid	(160)	(98)
Net cash used in financing activities	(16,796)	(478)
Net increase in cash and cash equivalents	230	10,178
Cash and cash equivalents at beginning of period	52,119	41,941
Cash and cash equivalents at the end of period	52,349	52,119
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	52,349	52,119

BLACKHAWK NETWORK (EUROPE) LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT FOR THE PERIOD ENDED 1 JANUARY 2022

	At 3 January 2021 £000	Cash flows £000	At 1 January 2022 £000
Cash at bank and in hand	52,119	230	52,349
Debt due after 1 year	(4,000)	1,000	(3,000)
Debt due within 1 year	(5,654)	284	(5,370)
	<u>42,465</u>	<u>1,514</u>	<u>43,979</u>

The notes on pages 21 to 41 form part of these financial statements.

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

1. General information

Blackhawk Network (Europe) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act. The Company is registered in England and Wales and the address of the registered office is Westside, London Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP3 9TD.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

As explained in Note 30, the Directors have made the decision to move the trade of the Company to another group entity and to cease trading. The company will transfer its trade, assets and liabilities to a fellow subsidiary company on 01 January 2023 and will cease trading. As required by UK accounting standards, the directors have prepared the financial statements on the basis that the company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities will be transferred to the fellow subsidiary at their carrying amounts.

2.4 FRS 102 exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

The requirements of Section 7 Statement of Cash Flows

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.6 Revenue

Blackhawk Network (Europe) Limited's turnover represents the gross commissions received from the sale of gift cards through the Group's network of distribution partners, revenue from promotional and marketing activities and income received from its parent under transfer pricing arrangements.

2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.13 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated statement of comprehensive income over its useful economic life of 10 years.

Other intangible assets

Software development costs and licenses are stated at cost less accumulated amortisation. Amortisation is calculated to write off software development costs in equal annual instalments over its estimated useful life of 5 years. Licenses are amortised on a straight-line basis over the license period.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

2. Accounting policies (continued)

2.14 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	- 3 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

2. Accounting policies (continued)

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.21 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The key assumptions concerning the future and any other key source of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Trade debtors

Trade debtors are presented net of a provision for doubtful debt. All debt that is 60 days or more past due is provided for except where there are promises to pay in place. A degree of uncertainty is inherent within the application of this policy since a promise to pay does not guarantee payment.

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

4. Turnover

Turnover represents the income earned from the sale of gift cards, from the issuance of prepaid debit cards and the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due.

A geographical analysis of turnover is as follows:

	2022 £000	2021 £000
United Kingdom	54,802	44,355
Rest of European Union and Nordics	25,191	19,826
Income from US parent	5,136	2,593
	<u>85,129</u>	<u>66,774</u>

5. Profit on sale of business unit

	2022 £000	2021 £000
Profit on sale of business unit	<u>(374)</u>	<u>(28,952)</u>

6. Operating profit

The operating profit is stated after charging:

	2022 £000	2021 £000
Net foreign exchange loss	<u>101</u>	<u>681</u>

7. Auditors' remuneration

	2022 £000	2021 £000
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	<u>31</u>	<u>62</u>
Fees payable to the Group's auditor in respect of:		
All other services	<u>2</u>	<u>-</u>
	<u>2</u>	<u>-</u>

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 1 January 2022 £000	<i>Group 2 January 2021 £000</i>	Company 1 January 2022 £000	<i>Company 2 January 2021 £000</i>
Wages and salaries	5,740	5,835	5,706	6,471
Social security costs	715	685	711	391
Cost of defined contribution scheme	203	241	202	82
Share based payments	366	712	366	129
	<u>7,024</u>	<u>7,473</u>	<u>6,985</u>	<u>7,073</u>

The average monthly number of employees, including the directors, during the period was as follows:

	2022 No.	<i>2021 No.</i>
Sales	58	65
Administration	20	20
	<u>78</u>	<u>85</u>

9. Directors' remuneration

	2022 £000	<i>2021 £000</i>
Directors' emoluments	579	637
Contribution to defined purchase pension scheme	4	14
	<u>583</u>	<u>651</u>

During the period retirement benefits were accruing to 3 directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £396,000 (2021 - £447,000).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,000 (2021 - £6,000).

During the period 3 directors received or were entitled to receive shares under the long-term incentive schemes (2021 - 3)

During the period NIL directors exercised share options under the long-term incentive schemes (2021 - 3).

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

10. Interest payable and similar expenses

	2022 £000	2021 £000
Loans from group undertakings	160	98

11. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	1,081	295
Adjustments in respect of previous periods	59	(4)
Total current tax	1,140	291
Deferred tax		
Origination and reversal of timing differences	(88)	59
Changes to tax rates	(36)	(6)
Adjustments in respect of previous periods	(11)	-
Total deferred tax	(135)	53
Taxation on profit on ordinary activities	1,005	344

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

11. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	3,569	29,936
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	678	5,688
Effects of:		
Income not taxable	-	(5,617)
Expenses not deductible for tax purposes	58	275
Difference in tax rates	-	(2)
Adjustments to tax charge in respect of prior periods	47	-
Chargeable gains on Visa disposal	264	-
Change in tax rates	(36)	-
Other differences leading to an increase (decrease) in the tax charge	(6)	-
Total tax charge for the period	1,005	344

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	1 January 2022 £000	2 January 2021 £000
Dividends	15,352	-

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

13. Intangible assets

Group

	Licenses £000	Goodwill £000	Total £000
Cost			
At 3 January 2021	42	3,519	3,561
Disposals	(42)	-	(42)
At 1 January 2022	-	3,519	3,519
Amortisation			
At 3 January 2021	42	143	185
Charge for the period on owned assets	-	352	352
On disposals	(42)	-	(42)
At 1 January 2022	-	495	495
Net book value			
At 1 January 2022	-	3,024	3,024
At 2 January 2021	-	3,376	3,376

The amortisation charge for the year is included within administrative expenses. The company held no intangible assets or goodwill during the year.

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

14. Tangible fixed assets

Group

	Computer equipment £000
Cost or valuation	
At 3 January 2021	168
Additions	35
Disposals	(75)
At 1 January 2022	<u>128</u>
Depreciation	
At 3 January 2021	74
Charge for the period on owned assets	39
Disposals	(68)
At 1 January 2022	<u>45</u>
Net book value	
At 1 January 2022	<u>83</u>
At 2 January 2021	<u>94</u>

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

14. Tangible fixed assets (continued)

Company

	Computer equipment £000
Cost or valuation	
At 3 January 2021	129
Additions	35
Disposals	(36)
At 1 January 2022	<u>128</u>
Depreciation	
At 3 January 2021	39
Charge for the period on owned assets	39
Disposals	(34)
At 1 January 2022	<u>44</u>
Net book value	
At 1 January 2022	<u>84</u>
<i>At 2 January 2021</i>	<u>90</u>

The net book value of land and buildings may be further analysed as follows:

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

15. Fixed asset investments

Group

	Other fixed asset investments £000
At 3 January 2021	2,807
Disposals	(2,807)
At 1 January 2022	-

During 2016 the Group received income, a deferred cash consideration and preference shares due to the sale of Visa Europe to Visa Inc. The Group was a shareholder of Visa Europe due to its Visa membership through Blackhawk Network (UK) Limited, and therefore benefitted from the proceeds of the sale. The investment in the Visa preference shares is fair valued on an annual basis with reference to current prices as traded on an active market.

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 3 January 2021	3,848
At 1 January 2022	3,848

Blackhawk Network (Europe) Limited has guaranteed liabilities of Intelligent Card Solutions Limited, company number 06729907 who have opted to take exemption from audit under section 479A of the Companies Act 2006.

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Blackhawk Network (UK) Limited	Westside, London Road, Hertfordshire, UK, HP3 9TD	Ordinary	100%
Intelligent Card Solutions Limited	Westside, London Road, Hertfordshire, UK, HP3 9TD	Ordinary	100%

Following the year end Blackhawk Network (UK) Limited was dissolved by voluntary strike off - see note 30.

16. Stocks

	Group 1 January 2022 £000	Group 2 January 2021 £000	Company 1 January 2022 £000	Company 2 January 2021 £000
Stocks	677	81	62	81

The difference between purchase price or production cost of stocks and their replacement cost is not material.

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

17. Debtors

	Group	<i>Group</i>	Company	<i>Company</i>
	1 January	<i>2 January</i>	1 January	<i>2 January</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Trade debtors	69,547	81,618	68,812	79,879
Amounts owed by group undertakings	5,419	3,228	5,337	4,923
Deferred taxation	149	11	149	-
Other debtors	8,932	9,349	8,546	7,523
Prepayments and accrued income	254	178	254	178
	84,301	<i>94,384</i>	83,098	<i>92,503</i>

Included within other debtors is £nil (2021: £220,000) due to the Group from a former director who served during 2019. The balance was unsecured, interest free and repayable on demand.

18. Cash and cash equivalents

	Group	<i>Group</i>	Company	<i>Company</i>
	1 January	<i>2 January</i>	1 January	<i>2 January</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Current accounts	52,349	33,108	44,800	28,507
Operationally ring-fenced accounts	-	5,368	-	-
Restricted cash in respect to customer accounts	-	13,643	-	-
	52,349	<i>52,119</i>	44,800	<i>28,507</i>

Cash at bank and in hand includes amounts held in separately designated bank accounts in order to meet the liabilities falling due under the various client programmes, with such amounts presented as operationally ring-fenced accounts.

Restricted cash in respect to customer accounts represents amounts held in safeguarded bank accounts, which represents funds held on behalf of consumers. In compliance with the safeguarding provisions within the Financial Conduct Authority Electronic Money Regulations 2011, the Group is required to safeguard 'relevant funds' from the Group's operating funds immediately upon receipt. The safeguarded bank accounts are held with the Group's principal bankers and are segregated from operating funds.

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

19. Creditors: Amounts falling due within one year

	Group	<i>Group As restated</i>	Company	<i>Company As restated</i>
	1 January 2022 £000	<i>2 January 2021 £000</i>	1 January 2022 £000	<i>2 January 2021 £000</i>
Trade creditors	74,751	62,339	73,908	57,870
Amounts owed to group undertakings	10,798	14,811	13,761	14,134
Money held on behalf of clients	-	13,798	-	-
Corporation tax	556	-	403	-
Other taxation and social security	310	1,453	188	1,102
Other creditors	715	1,436	424	861
Accruals and deferred income	18,615	10,263	15,088	9,163
Loans payable to group companies	5,370	5,654	5,370	5,654
	111,115	<i>109,754</i>	109,142	<i>88,784</i>

Included within the loans payable to group companies due within one year and due after one year, for Group and Company, is £4,000,000 (2021: £5,000,000) owed to Cyclescheme Limited. The balance was unsecured, bears interest at a rate of 2.5% per annum on the balance of the loan and is repayable in annual instalments of £1,000,000 until March 2025. Subsequent to the year end, in January 2022, this loan has been repaid in full.

Also included within the loans payable to group undertakings for Group and Company is £4,370,000 (2021: £4,654,000) owed to Grass Roots Group Plc (Employee Benefit Trust). Interest is accrued at a variable rate of LIBOR +1.25% per annum on the balance of the loan. The termination date of the loan is 25 July 2022, and is payable on demand, on or before termination date. The balance is unsecured.

20. Creditors: Amounts falling due after more than one year

	Group	<i>Group As restated</i>	Company	<i>Company As restated</i>
	1 January 2022 £000	<i>2 January 2021 £000</i>	1 January 2022 £000	<i>2 January 2021 £000</i>
Loans payable to group companies	3,000	4,000	3,000	4,000
	3,000	<i>4,000</i>	3,000	<i>4,000</i>

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

21. Loans

	Group 1 January 2022 £000	<i>Group 2 January 2021 £000</i>	Company 1 January 2022 £000	<i>Company 2 January 2021 £000</i>
Amounts falling due within one year				
Loans payable to group companies	5,370	5,654	5,370	5,654
	<u>5,370</u>	<u>5,654</u>	<u>5,370</u>	<u>5,654</u>
Amounts falling due 1-2 years				
Loans payable to group companies	2,000	2,000	2,000	2,000
	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
Amounts falling due 2-5 years				
Loans payable to group companies	1,000	2,000	1,000	2,000
	<u>1,000</u>	<u>2,000</u>	<u>1,000</u>	<u>2,000</u>
	<u><u>8,370</u></u>	<u><u>9,654</u></u>	<u><u>8,370</u></u>	<u><u>9,654</u></u>

22. Deferred taxation

Group

	2022 £000	<i>2021 £000</i>
At beginning of year	11	11
Charged to profit or loss	138	-
At end of year	<u><u>149</u></u>	<u><u>11</u></u>

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

22. Deferred taxation (continued)

Company

	2022 £000	2021 £000
At beginning of year	(11)	(11)
Charged to profit or loss	161	-
At end of year	150	(11)

	Group 1 January 2022 £000	Group 2 January 2021 £000	Company 1 January 2022 £000	Company 2 January 2021 £000
Accelerated capital allowances	(20)	(10)	(20)	(16)
Short term timing differences	169	21	169	5
	149	11	149	(11)

23. Share capital

	1 January 2022 £000	2 January 2021 £000
Allotted, called up and fully paid		
10,000 (2021 - 10,000) Ordinary shares of £1.00 each	10	10

The Company has one class of ordinary shares which carries no right to fixed income.

24. Reserves

Capital contribution

Capital contribution reserve relates to monies previously introduced by the parent company.

Profit and loss account

This reserve records retained earnings, accumulated losses and any foreign exchange movements on consolidation.

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

25. Discontinued operations

On 2 October 2020 the group disposed of its Achievers business unit for a total consideration of \$21,300,000 to a related party company also majority owned by Silver Lake Partners. The profit on disposal of the Achievers business unit has been calculated as follows:

	£000
Net cash proceeds	17,473
	<u>17,473</u>
Net assets disposed of:	
Trade and other receivables	15,262
Trade and other payables	(26,741)
	<u>11,479</u>
Profit on disposal before tax	<u><u>28,952</u></u>

26. Prior year adjustment

It has been identified during the audit of the financial statements that the balance relating to loans payable to group companies were incorrectly classified as due within one year in the previous year.

The impact of the adjustments to the Statement of Financial Position as of 2 January 2021 have been set out below:

	2020 £000	Adjustment £000	Restated £000
Creditors: Amounts falling due within one year			
Loan payable to group companies	9,654	(4,000)	5,654
Creditors: Amounts falling due after more than one year			
Loan payable to group companies	-	4,000	4,000

It has also been identified that the profits of £28,952,000 from the sale of Achievers in the prior year should have been classified within discontinued operations. Therefore, this has been amended within the Consolidated Statement of Comprehensive Income.

27. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £208,000 (2021: £241,000). Contributions totalling £38,000 (2021: £12,000) were payable to the fund at the reporting date and are included in creditors.

28. Commitments under operating leases

The Group and the Company had no commitments under non-cancellable operating leases at the reporting date.

BLACKHAWK NETWORK (EUROPE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY 2022

29. Related party transactions

The Group has taken advantage of the exemption under FRS 102 33.7 "Related Party Disclosures" from disclosing transactions with related parties that are wholly owned subsidiaries of the Blackhawk Network Holdings, Inc group.

30. Post balance sheet events

After the period end, Directors made the decision that they would move the trade of the Company to another company in the Blackhawk Network Holdings, Inc group and for the Company to cease to trade. They also took the decision that they would move the trade of its remaining trading subsidiary Intelligent Card Solutions Limited to another company in the Blackhawk Network Holdings, Inc group, and for that subsidiary to cease to trade. It is anticipated that the transfer of trade for both entities will take place on 1 January 2023

On 24 June 2022 a DS01 Application to strike off a company was filed at Companies House on behalf of one of its subsidiaries, Blackhawk Network (UK) Ltd.

31. Controlling party

At 1 January 2022 the parent company was Blackhawk Network Holdings, Inc. incorporated in the USA. Blackhawk Network Holdings Inc is majority owned by investment funds affiliated with Silver Lake Partners and investment funds affiliated with P2 Capital Partners. There is no individual who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, owns 25% or more of the equity interests of BNH Holdings, Inc.