

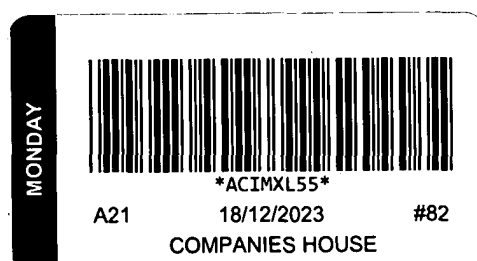
Next Jump Limited

Report and Financial Statements

Year Ended

31 December 2022

Company Number 06156435



Next Jump Limited

Company Information

Directors	Greg Kunkel Kevin McCoy
Registered Number	06156435
Registered Office	91 Capital Tower Waterloo Road London SE1 8RT
Independent Auditors	BDO LLP 55 Baker Street London W1U 7EU

Next Jump Limited

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Next Jump Limited

Strategic Report For the year ended 31 December 2022

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2022.

Principal activities

The activities of Next Jump Limited (the "Company") are focused on creating closed marketing networks that bring selected groups of buyers and sellers together. The Company generates turnover through the provision of retail merchant services, gift card and voucher sales, and corporate network services.

Retail merchant services comprise revenue sharing fees paid by merchants.

The gift card and voucher revenues are comprised of sales of prepaid cards and electronic vouchers that are available to the users.

Corporate network services comprise fees for annual membership of Perks at Work.

The directors do not foresee any significant change in the activities of the Company in the near future.

2022 Review of Business

In 2022, as COVID restrictions eased, we strategically prioritised post-COVID-19 by investing in our travel and cinema tickets categories which were impacted by the pandemic. Simultaneously, we continued to expand our merchant partnerships, to offer a wider range of products and services to our users, to mitigate the impact of rising living costs. We continued to invest in technical enhancements to streamline our e-commerce platform for improving user experience. Our commitment to the Online Community Academy remained strong, offering exclusive health, learning and development classes.

In 2022, economic recovery post COVID-19 helped business growth leading to revenue growth, of 3%. This pick-up was strongest for travel as expected. In the latter part of the year, consumer behaviour exhibited a recalibration in response to the cost-of-living challenges, with pronounced positivity observed within our grocers' merchant sector while utilities faced a challenge owing to cost increases.

Future developments

In the first three quarter of 2023, consumer behaviour has shifted owing to high inflation, with customers seeking out more discounts, leading to a change in the mix of sales. Revenue has increased primarily on travel, electronic gift vouchers, whilst we have seen pull back from earlier spending levels on home segments. The latter also impacted partially from extra spend during pandemic period. However, consumer behaviour remains conducive to sustained expansion within our travel, cinema tickets, and electronic gift voucher sectors. We have launched new merchant partnerships, with particular attention to the grocer merchant segment to help our users. Furthermore, we expect travel to continue strongly and tickets too, assisted by strong film releases in the year.

Our operations continue in a hybrid work model, encompassing remote and on-site employees. We are continuously upgrading with technical enhancements for optimising our e-commerce platform to drive growth and consumer satisfaction in the existing economic scenario.

Our Leadership Development Programs using our proprietary technology had a big breakthrough in early 2023, securing a valuable contract with UK Royal Navy. We successfully completed execution of the project, and based on the positive gains from that program, the UK Royal Navy has now awarded a second larger contract in Q4, which has recently kicked off, with further contract expansion expected in the future. We are also in discussions with various other enterprises on engagement for this line of business with encouraging interest seen.

Next Jump Limited

Strategic Report (continued) For the year ended 31 December 2022

Risks and uncertainties

The directors are aware of the risks to business relating to general economic conditions and these risks are managed through regular reviews of their impact on the Company.

Financial Risk Management

The Company has various financial instruments such as trade debtors and trade creditors that arise directly from operations. The directors do not consider that the fair value of these instruments differs from the book value. The main risks arising from the Company's financial instruments are discussed below.

Credit Risk

Receivable balances are monitored on an on-going basis, with the amount of exposure to any individual counterparty limited and is continually reassessed.

Liquidity and Cash Flow Risk

The Company actively monitors current cash flow requirements and continually forecasts future cash flows in order to maintain liquidity and ensure that sufficient funds are available for on-going operations. The directors consider current cash balances are sufficient to meet cash requirements.

Key performance indicators

The Company's key performance indicators are turnover and profit on ordinary activities before taxation. The Company has a performance measurement system that focuses the business on these two indicators and aligns individual employees' responsibilities with the Company's aims and objectives. The Company applies appropriate focus to ensure costs are maintained within acceptable levels.

	<u>2022</u>	2021	% Change
	£'000	£'000	
Turnover	95,372	92,613	+3%
(Loss)/profit on ordinary activities before taxation	(455)	388	-217%

This strategic report was approved by the board of directors and was signed on their behalf by

DocuSigned by:

CSF79839120F4D3...
Kevin McCoy
Director

Date: 07 December 2023

Next Jump Limited

Directors' Report For the year ended 31 December 2022

The directors present their report together with the audited financial statements for the year ended 31 December 2022.

Results and dividends

The loss for the year, after taxation, amounted to £313,341 (2021 - profit £311,224).

A dividend was declared in the year of £Nil (2021 - £Nil).

Directors

The directors who served during the year were:

Greg Kunkel
Kevin McCoy

None of the directors who held office at the end of the financial year had any disclosable beneficial interest in the shares of the Company.

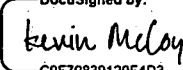
The Company maintains liability insurance for its directors and officers which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2016.

Disclosure of information to auditor

Each person who is a director at the time when this report is approved has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

DocuSigned by:

C9F79839120F4D3...
Kevin McCoy
Director

Date: 07 December 2023

Next Jump Limited

Directors' Responsibilities Statement For the year ended 31 December 2022

The directors are responsible for preparing the strategic report, the directors' report and the audited financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements 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.

Next Jump Limited

Independent Auditor's Report to the Members of Next Jump Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Next Jump Limited ("the Company") for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

Next Jump Limited

Independent Auditor's Report to the Members of Next Jump Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. 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.

Other Companies Act 2006 reporting

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 material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 Statement of Directors' Responsibilities, 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.

Next Jump Limited

Independent Auditor's Report to the Members of Next Jump Limited (continued)

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.

Extent to which the audit was 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations

We considered the significant laws and regulations to be United Kingdom Generally Accepted Accounting Practice and Companies Act 2006.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

Our procedures in respect of the above included:

- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Next Jump Limited

Independent Auditor's Report to the Members of Next Jump Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias; and
- Testing the evidence of revenue transaction on a sample basis to contracts and evaluated the performance obligations had been satisfied and revenue recognised in line with contractual terms.

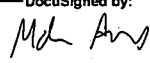
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

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Mark Ayres (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

07 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Next Jump Limited

Statement of Comprehensive Income For the year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	95,372,021	92,613,387
Operating expenses		(95,862,965)	(92,222,582)
Operating (loss)/profit	5	(490,944)	390,805
Interest receivable/(payable)	9	35,878	(3,201)
(Loss)/profit before tax		(455,066)	387,604
Tax on (loss)/profit	10	141,725	(76,380)
(Loss)/profit for the financial year		(313,341)	311,224

There was no other comprehensive income for 2022 (2021 - £Nil).

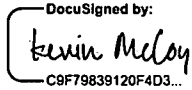
The notes on pages 13 to 25 form part of these financial statements.

Next Jump Limited
Registered number: 06156435

Statement of Financial Position
As at 31 December 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	11		61,404		28,516
Current assets					
Stock	12	334,199		565,464	
Debtors	13	5,102,248		5,061,064	
Cash and cash equivalents		9,896,780		10,379,639	
		<u>15,333,227</u>		<u>16,006,167</u>	
Creditors: amounts falling due within one year	14	<u>(14,611,466)</u>		<u>(14,956,122)</u>	
Net current assets			721,761		1,050,045
Total assets less current liabilities			783,165		1,078,561
Provisions for liabilities					
Deferred tax	15		(10,531)		(5,892)
Net assets			772,634		1,072,669
Capital and reserves					
Called up share capital	17		6		6
Share premium account			299,994		299,994
Capital contribution			84,212		70,906
Profit and loss account			388,422		701,763
Total equity			772,634		1,072,669

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

DocuSigned by:
 07 December 2023
 C9F79839120F4D3...
Kevin McCoy
 Director

The notes on pages 13 to 25 form part of these financial statements.

Next Jump Limited

Statement of Changes in Equity For the year ended 31 December 2022

	Called up share capital	Share premium account	Capital contribution	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2022	6	299,994	70,906	701,763	1,072,669
Comprehensive loss for the year					
Loss for the year	-	-	-	(313,341)	(313,341)
Total comprehensive loss for the year	-	-	-	(313,341)	(313,341)
Contributions by and distributions to owners					
Share based payments	-	-	13,306	-	13,306
At 31 December 2022	6	299,994	84,212	388,422	772,634

Statement of Changes in Equity For the year ended 31 December 2021

	Called up share capital	Share premium account	Capital contribution	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	6	299,994	56,224	390,539	746,763
Comprehensive income for the year					
Profit for the year	-	-	-	311,224	311,224
Total comprehensive income for the year	-	-	-	311,224	311,224
Share based payments	-	-	14,682	-	14,682
At 31 December 2021	6	299,994	70,906	701,763	1,072,669

The notes on pages 13 to 25 form part of these financial statements.

Next Jump Limited

Statement of Cash Flows For the year ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(313,341)	311,224
Adjustments for:		
Depreciation of tangible assets	20,091	28,323
Bad debt provision	169,186	14,481
Interest received	(35,878)	3,201
Taxation charge	(141,725)	76,380
Decrease/(increase) in stocks	117,640	(26,546)
Increase in debtors	(35,680)	(550,563)
Increase in amounts owed by groups	(1,131,325)	-
Increase in creditors	790,563	2,499,991
Corporation tax paid	(31,814)	-
Stock provision	113,624	-
Gain on foreign exchange	(98,190)	(236)
Share based payment	13,306	14,682
Net cash generated from operating activities	(563,543)	2,370,937
Cash flows from investing activities		
Purchase of plant and equipment	(52,979)	(9,095)
Interest income	35,473	(3,201)
Net cash from investing activities	(17,506)	(12,296)
Cash flows from financing activities		
Dividends paid	-	(3,000,000)
Net cash used in financing activities	-	(3,000,000)
Net decrease in cash and cash equivalents	(581,049)	(641,359)
Cash and cash equivalents at beginning of year	10,379,639	11,024,547
Foreign exchange gains and losses	98,190	(3,549)
Cash and cash equivalents at the end of year	9,896,780	10,379,639
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	9,896,780	10,379,639

The notes on pages 13 to 25 form part of these financial statements.

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2022

1. General information

Next Jump Limited (the "Company") is a United Kingdom private Company limited by shares. It is both incorporated and domiciled in England and Wales. The address of its registered office is 91 Capital Tower, Waterloo Road, London SE1 8RT. The parent Company is Next Jump Inc., a Company incorporated in the United States of America.

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Company's transactions are denominated.

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 management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Foreign currencies

Monetary items are translated at the rate of exchange in effect at the reporting date. Non-monetary items are translated at historical rates. Revenue and expense items are translated at the rate of exchange in effect on the dates they occur. Exchange gains and losses are included in the statement of comprehensive income.

2.3 Turnover

The Company's turnover consists of fees due from retail merchant services, corporate network services and the sale of reloadable gift cards.

Retail merchant services

Revenue sharing fees are recognised monthly based on amounts reported by the merchants. Marketing fees are recognised as the services are provided. Cost per click income is recognised based on actual click-through from the company's website.

Corporate network services

Implementation fees are earned for developing and customising corporate network sites. These fees are deferred and recognised over the expected service period. Annual premium membership fees are recognised over the expected service period.

Reloadable Gift Card

Transaction fees are earned for selling prepaid cards, which can be redeemed in a retailer's store and online. Revenue and related transaction costs are recognised when the card is purchased by the customer.

2.4 Stocks

Stock is valued at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out ('FIFO') method.

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.5 Reward points scheme costs and liabilities

The Company operates a loyalty programme "Reward Points Scheme" offering its members an opportunity to earn points for their everyday shopping, which can then be exchanged for cash or spent on goods at a ratio of £0.01 per point earned. Points are accumulated and tracked by the Company on the member's behalf. Points do not expire, unless the members' employment ends, and there are no limits on the number of points a member can earn.

The cash value of the points awarded to members is an expense of the Company and is reported in the financial statements within operating expenses. Reward points costs and the related liability are recognised in the financial statements when the points are earned by members.

2.6 Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation has been calculated in order to write off the cost of fixed assets over their estimated useful lives at the following annual rates:

Fixtures and fittings	-	33% on cost
Computer equipment	-	33% on cost

2.7 Taxation

The tax expense represents the sum of current tax plus deferred tax. Current tax is the tax expected to be payable on the taxable income for the year based on the tax rate enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of prior years.

Deferred taxation is provided in full on all timing differences which result in an obligation to pay more tax, or a right to pay less tax, in the future at rates expected to apply when they crystallise based on current tax rates and law. Deferred taxation balances are not discounted and are recognised only to the extent that it is more likely than not there will be suitable taxable profits from which future reversals of the underlying timing differences can be deducted.

2.8 Deferred income

Deferred income consists of billings in advance being recognised over the service period.

2.9 Pensions

The Company operates a defined contribution pension scheme. The contributions are charged to the statement of comprehensive income over the period in respect of which they become payable.

2.10 Operating leases

Operating lease rentals are charged against profit on a straight line basis over the applicable lease term.

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.11 Share options

Employees of the Company are eligible to participate in the parent Company group share option scheme. For all grants of equity settled share options, the fair value at the date of grant is calculated using a Black Scholes pricing model. The corresponding expense is recognised over the vesting period based on the Company's estimate of shares which will actually vest, with the reserve entry being recognised within capital contribution reserve.

At the end of each reporting period, the Company revises its estimates on the expected forfeiture rate and recognises expense only for those shares expected to vest. The estimate of forfeiture rates is based on historical experience and is adjusted for actual experience over the term of the award. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.12 Financial instruments

Financial instruments are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below. A financing transaction is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102. All financial instruments held by the Company have been classified as basic. At the end of each reporting period, debt instruments classified as basic are measured at amortised cost using the effective interest rate method.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the Company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably. The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- i. significant financial difficulty of the obligor;
- ii. a breach of contract, such as a default or delinquency in payments;
- iii. the Company, for economic or legal reasons relating to the debtor's financial difficulty, grants to the debtor a concession.

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.12 Financial instruments (continued)

As an initial step the Company assesses whether objective evidence of impairment exists. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced to the present value of estimate future cash flows and the amount of the loss is recognised in the statement of comprehensive income.

In the case of financial assets measured at cost, the impairment loss will be the difference between the asset's carrying amount and the best estimate of the sales price that would be achieved at the reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.13 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and there are no subsequent events which alter this view. The Directors have considered the future expected cashflows of the Company under stress test scenario, with an economic down-turn considered. The economic downturn could push revenue down by 10-15% against the base case, low scenario projection. Next Jump has the ability to bare the revenue drop, with controls such as managing operational expenses. Given the available cash balance, the directors are confident that even under stress test, there is adequate funds available. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2022

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management are required to make judgements, 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 estimates. The following summarises the judgements, estimates and assumptions that may cause amounts recognised or disclosed to change in following reporting periods:

Allowances for credit losses

The Company reviews its individual significant receivables at each reporting date to assess whether an allowance should be made for recoverability. In determining this allowance, judgement by management is required in determining the amount that should be provided. Such estimations are based on assumptions of a number of factors including payment history, the nature of the counterparty and the likelihood of collection. Actual results may differ, resulting in future changes to the allowance.

Reward point liability

The reward points liability existing at the reporting date reflects the maximum amount that the directors expect to be redeemed. The Company has determined that balances accrued by members that have been inactive for more than six months should be written back to profit or loss within operating expenses.

4. Analysis of Turnover

Analysis by class of business:

	2022 £	2021 £
Merchant revenue	94,670,503	91,757,831
Network revenue	701,518	855,556
	<u>95,372,021</u>	<u>92,613,387</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	95,372,021	92,613,387
	<u>95,372,021</u>	<u>92,613,387</u>

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2022

5. Operating expenses

The operating profit/(loss) is stated after charging/(crediting):

	2022	2021
	£	£
Payroll costs	853,502	1,634,481
Cost of sales	92,486,329	89,390,329
Provision against trade and other debtors	169,186	14,481
Provision against stock	113,624	-
Depreciation	20,091	28,323
Foreign exchange movement	(98,190)	(236)
Office costs	223,260	223,692
Operating lease rental	656,502	652,660
Other administration expenses	1,438,662	278,852
	1,438,662	278,852

6. Auditor's remuneration

Fees payable to the Company's auditor in respect of:

	2022	2021
	£	£
Audit	80,000	38,700
Corporation tax compliance	6,675	6,000
Other taxation advice	5,000	5,000
	91,675	50,000

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2022

7. Employees

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

	2022 £	2021 £
Wages and salaries	687,125	1,310,956
Social security costs	86,273	185,012
Charge for share based payments	13,306	14,682
Pension costs	66,798	123,831
	853,502	1,634,481
	853,502	1,634,481

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

	2022 No.	2021 No.
Administration	8	21
	8	21
	8	21

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	177,978	174,082
Company contributions to defined contribution pension schemes	17,333	17,000
	195,311	191,082
	195,311	191,082

During the year retirement benefits were accruing to 1 director (2021 - 1) in respect of defined contribution pension schemes.

9. Interest receivable/(payable)

	2022 £	2021 £
Other interest receivable/(payable)	35,878	(3,201)
	35,878	(3,201)
	35,878	(3,201)

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2022

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	-	80,118
Adjustments in respect of previous periods	(146,364)	-
Total current tax	(146,364)	80,118
Deferred tax		
Adjustments in respect of prior periods	800	-
Origination and reversal of timing differences	3,839	(3,738)
Total deferred tax charge/(credit)	4,639	(3,738)
Taxation on (loss)/profit on ordinary activities	(141,725)	76,380
Reconciliation of effective tax rate		
	2022 £	2021 £
(Loss)/profit on ordinary activities before tax	(455,066)	387,604
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(86,462)	73,645
Effects of:		
Fixed asset differences	(2,202)	-
Expenses not deductible for tax purposes	-	1,242
Share based payment charge	2,528	2,705
Short-term timing differences	238	(1,212)
Losses carried back	80,118	-
Adjustments to tax charge in respect of previous periods	(146,364)	-
Adjustments to tax charge in respect of previous periods - deferred tax	800	-
Remeasurement of deferred tax for changes in tax rates	(1,954)	-
Movement in deferred tax not recognised (tax losses)	11,573	-
Total tax charge for the year	(141,725)	76,380

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2022

10. Taxation (continued)

Factors that may affect future tax charges

Increase in the UK Corporation tax rate from 19% to 25% (effective from 1 April 2023) have been substantively enacted. This will impact the Company's future tax charge accordingly. The value of the deferred tax liability at the reporting date has been calculated using the applicable rate when the liability is expected to be realised.

11. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2022	92,642	240,407	333,049
Additions	28,797	24,182	52,979
At 31 December 2022	121,439	264,589	386,028
Depreciation			
At 1 January 2022	87,436	217,097	304,533
Charge for the year	7,028	13,063	20,091
At 31 December 2022	94,464	230,160	324,624
Net book value			
At 31 December 2022	26,975	34,429	61,404
At 31 December 2021	5,206	23,310	28,516

12. Stock

	2022 £	2021 £
E-vouchers	334,199	565,464

Included within operating expenses is £5,560,677 (2021 - £3,869,424) in respect of stock recognised as an expense in the year.

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2022

13. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	506,142	1,041,624
Other debtors	1,120,192	1,279,029
Prepayments and accrued income	3,301,224	2,740,411
Corporation tax recoverable	114,551	-
Amounts due from parent company (note 20)	60,139	-
	5,102,248	5,061,064

14. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	1,474,182	1,638,377
Other creditors	22,055	32,375
Other taxation and social security	295,042	522,073
Amounts owed to group companies (note 20)	-	1,071,186
Corporation tax payable	-	64,032
Accruals and deferred income	750,565	887,705
Reward points scheme	12,069,622	10,740,374
	14,611,466	14,956,122

15. Deferred taxation

	2022 £
At the beginning of the year	(5,892)
Credited/(charged) to profit or loss	(4,639)
At the end of the year	(10,531)

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2022

15. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Share options	(347)	(474)
Excess capital allowances	(11,766)	(5,418)
Assessed Loss	1,582	-
	(10,531)	(5,892)

16. Share options

The parent Company of Next Jump Limited, Next Jump Inc., operates and administers a group share option scheme. The authorised total number of shares under the scheme is 24,000,000.

Options vest over a five-year period. Once vested, the Options can be exercised at any date up to 10 years from the grant date.

The charge for the year attributable to Next Jump Limited amounted to £13,306 (2021 - £14,682).

Details of number and weighted average exercise price of options granted, exercised, and cancelled or forfeited during the year applicable to UK employees are as follows:

	Number of shares	Weighted average exercise price per share \$
As at 31 December 2020	630,900	0.51
Granted	-	-
Cancelled or forfeited	(262,500)	0.51
As at 31 December 2021	368,400	0.51
Granted	-	-
Cancelled or forfeited	(288,500)	0.50
As at 31 December 2022	79,900	0.51

For the share options outstanding at 31 December 2022 and 31 December 2021, the exercise prices ranged from \$0.31 to \$1.06 per share.

The weighted average fair value of share options granted in the year was \$0.30 (2021 - \$0.30). As at 31 December 2022 the weighted average remaining contractual terms is 4 years (2021 - 4.0 years).

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2022

16. Share options (continued)

The inputs to the Black Scholes Pricing model are as follows:

Share price at grant date	\$0.51
Expected life (years)	6.5
Risk-free rate	0.23 - 1.45%
Expected volatility	60%
Dividend yield	-

Next Jump Inc. obtained estimates of the above variables based on analysis of similar entities within the industry and an analysis of the Group history.

- When calculating the expected term, the contractual term and vesting period of the options is taken into account.
- The risk-free rate is based on the implied yield available on the applicable grant date of a US Treasury note with a term equal to the expected terms of the underlying grants.
- Volatility is estimated by examining the volatility assumptions of similar publicly traded entities in the same industry and taking an approximate average.
- The dividend yield assumption is based on the Group's history of not paying dividends and the expectation not to pay dividends in the future.

17. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
6 ordinary shares of £1 each	6	6
	<u>6</u>	<u>6</u>

18. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£	£
Less than one year	624,000	487,500
Within 2-5 years	1,144,000	-
	<u>1,768,000</u>	<u>487,500</u>

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2022

19. Financial risk management

The Company has exposure to the following risks arising from its operating activities and its use of financial instruments:

- Interest rate risk;
- Liquidity risk; and
- Credit risk.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework and is responsible for developing and monitoring the Company's risk management strategy and policies. There have been no changes to the Company's exposures to risk or the methods used to measure and manage these risks during the year.

Interest Rate Risk

The Company is not exposed to any significant interest rate risk as no material assets or liabilities are interest bearing. However, were the borrowing from group companies to be refinanced; it is likely that the borrowings would attract a market rate of interest which would impact on the results of the Company.

Liquidity Risk

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The Company has no finance from external banking institutions. Total borrowings from the parent company as at 31 December 2022 is £Nil (2021 - £1,071,186).

Credit Risk

Potential material areas of credit risk consist of trade debtors.

Trade debtors consist mainly of a widespread customer base, such that the Company has no significant concentration of credit risk. The Company monitors the financial position of their customers on an ongoing basis. Where considered appropriate, an allowance is made for specific bad debts.

20. Related party transactions

In the opinion of the directors, the immediate and ultimate parent company at 31 December 2022 was Next Jump Inc., incorporated in the United States of America.

Transactions and balances with the parent company are as follows:

	2022 £	2021 £
Amounts due/(owed to) from the parent company (note 13, 14)	60,139	(1,071,186)
Expenses recharged by the parent company	2,208,733	675,053
Cash collected by the parent company	20,440	147
Service agreement fee charged to the parent company	540,883	486,131
	<u> </u>	<u> </u>