

EPOINTS REWARDS LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MARCH 2023

EPOINTS REWARDS LIMITED
REGISTERED NUMBER: 07453502

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	5	1,664,133	1,664,133
Current assets			
Debtors: amounts falling due within one year	6	238,438	390,601
Cash at bank and in hand		397,287	27,770
		635,725	418,371
Creditors: amounts falling due within one year	7	(249,273)	(319,073)
Net current assets		386,452	99,298
Total assets less current liabilities		2,050,585	1,763,431
Creditors: amounts falling due after more than one year	8	(530,000)	(190,000)
Provisions for liabilities			
Other provisions	11	(321,902)	(476,425)
Net assets		1,198,683	1,097,006
Capital and reserves			
Called up share capital		1,700,000	1,700,000
Profit and loss account		(501,317)	(602,994)
		1,198,683	1,097,006

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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

B S A Duffy
 Director

Date: 21 December 2023

The notes on pages 2 to 10 form part of these financial statements.

EPOINTS REWARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Epoints Rewards Limited is a private company limited by shares incorporated in England and Wales, United Kingdom. The address of the registered office is Dane End House, Dane End, Ware, Hertfordshire, SG12 0LR. Its place of business is 8A Denmark Street, Wokingham, RG40 2BB.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company's functional and presentational currency is Pound Sterling. Figures are shown to the nearest £1.

The following principal accounting policies have been applied:

2.2 Going concern

The Company has prepared these financial statements using the going concern basis. The Company has new product launches and a strong pipeline of new clients and has continued to grow. The company has an innovative new program which enables us to leverage its savings platform to a new Member/Consumer market which will ensure rapid growth in future years.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

There are three ways in which the Company generates turnover:

- 1) Sales of epoints to employers – turnover is recognised upon invoice to the employer. Epoints are issued once payment of the invoice has been received;
- 2) Sales of epoints to end consumers - turnover is recognised upon the automated issuing of the epoints, which occurs when the customer makes payment to the intermediary payment provider; and
- 3) Software license fees – these are charged to companies using the Epoints platform to generate their own revenue; turnover is recognised over the period the software is being used.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of Income and Retained Earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Loans receivable are measured initially at fair value, net of transaction costs and, where material, are measured subsequently at amortised cost using the effective interest method, less any impairment.

EPOINTS REWARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.5 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.

2.6 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.

2.7 Financial instruments

Financial instruments are recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Financial liabilities

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

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.7 Financial instruments (continued)

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

2.8 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.

2.9 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.

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company 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 Company in independently administered funds.

2.12 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2.13 Current and deferred taxation

The tax expense for the year 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

3. Employees

The average monthly number of employees, including directors, during the year was 3 (2022 - 3).

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**NOTES TO THE FINANCIAL STATEMENTS
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4. Taxation

	Year ended 31 March 2023 £	15 Months ended 31 March 2022 £
Current tax		
Current tax on profits for the year	-	-
Deferred tax		
Origination and reversal of timing differences	33,893	(18,370)
Taxation on profit/(loss) on ordinary activities	33,893	(18,370)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	Year ended 31 March 2023 £	15 Months ended 31 March 2022 £
Profit/(loss) on ordinary activities before tax	135,570	(313,592)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	25,758	(59,582)
Effects of:		
Remeasurement of deferred tax for changes in tax rates	8,135	(30,885)
Group relief	-	72,097
Total tax charge for the year/period	33,893	(18,370)

Factors that may affect future tax charges

The company has carried forward trading losses of approximately £379,000 (2022 - £515,000) to offset against future profits for corporation tax purposes.

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5. Fixed asset investments

	Loans to subsidiaries £
Cost or valuation	
At 1 April 2022	1,664,133
At 31 March 2023	<u>1,664,133</u>

6. Debtors

	2023 £	2022 £
Trade debtors	47,922	39,960
Amounts owed by group undertakings	65,722	187,332
Other debtors	-	10,538
Prepayments and accrued income	30,000	24,084
Deferred taxation	94,794	128,687
	<u>238,438</u>	<u>390,601</u>

7. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank loans	160,000	60,000
Trade creditors	46	5,576
Amounts owed to group undertakings	-	200,000
Other taxation and social security	29,483	-
Other creditors	2,376	1,994
Accruals and deferred income	57,368	51,503
	<u>249,273</u>	<u>319,073</u>

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

	2023 £	2022 £
Bank loans	<u>530,000</u>	<u>190,000</u>

The following liabilities were secured:

	2023 £	2022 £
Bank loans	<u>530,000</u>	<u>190,000</u>

Details of security provided:

The bank loans are secured by a debenture granted by the Company; and are guaranteed up to a value of £300,000 and £400,000 which is provided by MBI MBO Limited and B S A Duffy, respectively. MBI MBO Limited has a controlling ownership over the Company and B S A Duffy is the ultimate controlling party of the Company.

9. Loans

Analysis of the maturity of loans is given below:

	2023 £	2022 £
Amounts falling due within one year		
Bank loans	160,000	60,000
Amounts falling due 1-2 years		
Bank loans	160,000	60,000
Amounts falling due 2-5 years		
Bank loans	370,000	130,000
	<u>690,000</u>	<u>250,000</u>

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10. Deferred taxation

	2023 £	2022 £
At beginning of year	128,687	110,317
Charged to profit or loss	(33,893)	18,370
At end of year	94,794	128,687

The deferred tax asset is made up as follows:

	2023 £	2022 £
Tax losses carried forward	94,794	128,687

11. Provisions

	Other provisions £
At 1 April 2022	476,425
Charged to profit or loss	(154,523)
At 31 March 2023	321,902

The expected level of redemption of issued e-points is considered a key accounting estimate. Based on their knowledge of the sector the directors consider that 85% of the issued e-points will be redeemed. This will be kept under review to ensure that it remains representative of the redemption levels that occur over time

12. Related party transactions

The Company has taken the exemption under FRS 102 (Section 33.1A) to not disclose transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The Company operated loan accounts with group companies. As at 31 March 2023, £1,664,133 (2022 - £1,664,133) was owed to the company and is included in fixed asset investments. At 31 March 2023, £65,722 (2022 - £187,332) was owed to the company and is included in debtors. At 31 March 2023, £- (2022 - £200,000) was owed by the company and is included in creditors - amounts falling due within one year.

No interest was charged on these loans (2022 - £NIL).

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13. Controlling party

The immediate controlling party is MBI MBO Limited which is incorporated in England and Wales, by virtue of its interest in 91% of the issued share capital in the company.

B S A Duffy, director, continued to be the ultimate controlling party by virtue of his controlling interest in the share capital of the ultimate holding company, MBI MBO Limited.

14. Auditors' information

The auditors' report on the financial statements for the year ended 31 March 2023 was unqualified.

The audit report was signed on 22 December 2023 by Richard Vass (Senior Statutory Auditor) on behalf of Price Bailey LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.