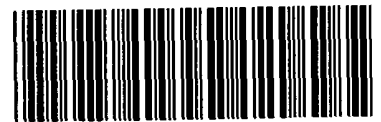


Company registration number 08054296 (England and Wales)

SOCIAL MONEY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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SOCIAL MONEY LIMITED

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SOCIAL MONEY LIMITED

COMPANY INFORMATION

Director	L P Alexander
Company number	08054296
Registered office	C/o Social Money 2nd Floor, St Johns House Barrington Road Altrincham Greater Manchester UK WA14 1JY
Auditor	Eric Langer BSc FCA Langer & Co Chartered accountant and Statutory auditor 8-10 Gatley Road Cheadle Cheshire SK8 1PY SK8 1DR

SOCIAL MONEY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The director presents the strategic report for the year ended 31 March 2023.

Review of the business

Social Money Limited arranges bridging finance secured on UK property. The bridging finance loan book stood at £65.3m at the year end and is financed by lenders and investors. The company also arranges consumer credit loans. The consumer credit loan book stood at £2m at the year end and is financed by internal capital and reserves.

97% of the company's trade debtors are secured bridging finance and 3% are consumer credit loans.

Principal risks and uncertainties

Bridging finance is naturally exposed to volatilities in the property market. However, lending is short term and risk is managed with cautious loan to value lending criteria.

Consumer credit lending is based on affordability.

Key performance indicators

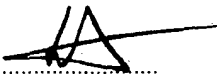
The company has achieved year on year increases in turnover and funds lent since inception. Headcount has increased significantly as we lay the foundations for future growth.

Pre tax profit increased from £5.6m to £6.2m during the year.

Research and development

Technology continues to be at the heart of the business and an in-house team has developed cutting edge technologies to deliver financial payment and loan services. Innovative solutions are enhancing and expanding both the core bridging platform and consumer credit technology and this will continue to be a focus.

On behalf of the board



.....
L P Alexander

Director

Date: 22.12.23

SOCIAL MONEY LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The director presents his annual report and financial statements for the year ended 31 March 2023.

Director

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

L P Alexander

Results and dividends

The results for the year are set out on page 8.

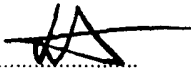
The profit for the year after taxation was £5,113,517 (2022: £4,619,188).

Interim ordinary dividends were paid amounting to £6,000,000. The director does not recommend payment of a final dividend.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....
L P Alexander
Director

Date: 22.12.23

SOCIAL MONEY LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

SOCIAL MONEY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOCIAL MONEY LIMITED

Opinion

I have audited the financial statements of Social Money Limited (the 'company') for the year ended 31 March 2023 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit 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.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report. I am independent of the company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the FRC's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I 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.

My responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and my auditor's report thereon. The director is responsible for the other information. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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

I have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

SOCIAL MONEY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SOCIAL MONEY LIMITED

Matters on which I am required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified material misstatements in the strategic report and the director's report.

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

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

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My 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 my 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.

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

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

SOCIAL MONEY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SOCIAL MONEY LIMITED

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, I considered the following:

- Enquiries of management, including obtaining and reviewing supporting documentation, concerning policies and procedures relating to:
 - identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- remuneration policies, key drivers for remuneration and bonus levels; and
- Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. The engagement team have experience of working with companies and this experience was relevant to the discussion about where fraud risks may arise.

In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I also obtained an understanding of the legal and regulatory framework that the company operates in. The key laws and regulations I considered in this context included the UK Companies Act and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Audit response to risks identified

As a result of performing the above, I did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

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

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading and reviewing correspondence with relevant authorities including HMRC ;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

SOCIAL MONEY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SOCIAL MONEY LIMITED

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit, I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Use of my 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. My audit work has been undertaken so that I might state to the company's members those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for my audit work, for this report, or for the opinions I have formed.


Eric Langer BSc FCA
Langer & Co
Chartered Accountant and Statutory Auditor

Date:

22nd December 2023

8-10 Galley Road
Cheadle
Cheshire
SK8 1PY

SOCIAL MONEY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

		2023	2022
		£	as restated £
Turnover	2	20,368,653	18,932,903
Cost of sales		(6,819,225)	(6,440,522)
Gross profit		<u>13,549,428</u>	<u>12,492,381</u>
Administrative expenses		(8,073,486)	(6,892,438)
Other operating income		-	11,563
Operating profit	3	<u>5,475,942</u>	<u>5,611,506</u>
Interest receivable and similar income	7	709,261	34,149
Interest payable and similar expenses	6	(23,941)	(3,397)
Profit before taxation		<u>6,161,262</u>	<u>5,642,258</u>
Tax on profit	8	(1,047,745)	(1,023,070)
Profit for the financial year		<u><u>5,113,517</u></u>	<u><u>4,619,188</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

SOCIAL MONEY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		2023		2022 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		235,186		121,824
Investments	11		2,600,000		2,600,000
			<u>2,835,186</u>		<u>2,721,824</u>
Current assets					
Debtors	13	72,445,637		71,847,897	
Cash at bank and in hand		5,605,088		5,474,993	
		<u>78,050,725</u>		<u>77,322,890</u>	
Creditors: amounts falling due within one year	14	<u>(75,188,060)</u>		<u>(73,485,225)</u>	
Net current assets			<u>2,862,665</u>		<u>3,837,665</u>
Total assets less current liabilities			<u>5,697,851</u>		<u>6,559,489</u>
Provisions for liabilities					
Deferred tax liability	15	<u>46,639</u>		<u>21,794</u>	
			<u>(46,639)</u>		<u>(21,794)</u>
Net assets			<u>5,651,212</u>		<u>6,537,695</u>
Capital and reserves					
Called up share capital	17		106		106
Profit and loss reserves			5,651,106		6,537,589
Total equity			<u>5,651,212</u>		<u>6,537,695</u>

The financial statements were approved and signed by the director and authorised for issue on 22.12.23


L P Alexander
Director

Company Registration No. 08054296

SOCIAL MONEY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Profit and loss reserves £	Total £
As restated for the period ended 31 March 2022:				
Balance at 1 April 2021		106	4,073,401	4,073,507
Year ended 31 March 2022:				
Profit and total comprehensive income for the year		-	4,619,188	4,619,188
Dividends	9	-	(2,155,000)	(2,155,000)
Balance at 31 March 2022		106	6,537,589	6,537,695
Year ended 31 March 2023:				
Profit and total comprehensive income for the year		-	5,113,517	5,113,517
Dividends	9	-	(6,000,000)	(6,000,000)
Balance at 31 March 2023		106	5,651,106	5,651,212

SOCIAL MONEY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

		2023		2022 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	23		7,878,899		3,207,313
Interest paid			(23,941)		(3,397)
Income taxes paid			(914,651)		(783,603)
Net cash inflow from operating activities			<u>6,940,307</u>		<u>2,420,313</u>
Investing activities					
Purchase of tangible fixed assets		(191,198)		(62,857)	
Investment in subsidiary		-		(1,600,000)	
Receipts arising from loans made		296,732		640,680	
Interest received		9,261		34,149	
Dividends received		700,000		-	
Net cash generated from/(used in) investing activities			<u>814,795</u>		<u>(988,028)</u>
Financing activities					
Loans from group undertakings		(1,625,007)		(4,200,897)	
Dividends paid		(6,000,000)		(2,155,000)	
Net cash used in financing activities			<u>(7,625,007)</u>		<u>(6,355,897)</u>
Net increase/(decrease) in cash and cash equivalents			130,095		(4,923,612)
Cash and cash equivalents at beginning of year			<u>5,474,993</u>		<u>10,398,605</u>
Cash and cash equivalents at end of year			<u><u>5,605,088</u></u>		<u><u>5,474,993</u></u>

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Social Money Limited is a private company limited by shares incorporated in England and Wales. The registered office is C/o Social Money, 2nd Floor, St Johns House, Barrington Road, Altrincham, Greater Manchester, UK, WA14 1JY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit and loss.

The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA state.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover and cost of sales

Turnover represents interest receivable on loans and fees earned during the year.

Fees are recognised on the drawdown of loans. Interest income is contractually receivable at the commencement of the loan and is then deferred on an accruals basis so that recognition matches the period to which it relates.

Cost of sales represents investor interest, broker costs and valuation fees.

1.4 Research and development expenditure

Research and development expenditure is written off against profits in the year in which it is incurred.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Straight line over lease term
Fixtures and fittings	25% on reducing balance
Office furniture & equipment	25% straight line

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Financial instruments

A financial asset or a financial liability is recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Trade debtors and creditors respectively represent amounts receivable and payable in respect of crowd funded lending activities and consumer credit finance. They are basic financial instruments, initially recognised at the transaction price and subsequently measured at their settlement value after due provision for bad and doubtful debts.

Bridging finance loans are secured by charges over properties owned by the borrowers; this security is held in a segregated trust for the investors as beneficiaries under that trust.

Liabilities are recognised at the amount the company expects to pay to settle the debt or the amount it has received as advance payment for the services it must provide.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1.8 Taxation

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

Current tax

Current tax is recognised on taxable profit for the current and past periods and is measured at the amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date and is measured using the tax rates and laws that are expected to apply to the reversal of the timing differences.

1.9 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

1.10 Retirement benefits

The company makes contributions to a money purchase pension scheme for the benefit of its employees. Pension contributions are charged as an expense as they fall due.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

1.12 Government grants

Grants of a revenue nature are recognised in income at the amounts received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

2 Turnover and other revenue

Turnover was in respect of activities in the UK and is analysed as follows:

	2023	2022
	£	£
Turnover analysed by class of business		
Bridging loan finance	16,153,131	15,317,824
Consumer credit	4,215,520	3,615,079
	<u>20,368,653</u>	<u>18,932,903</u>

3 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(11,563)
Fees payable to the company's auditor for the audit of the company's financial statements	9,000	9,000
Depreciation of owned tangible fixed assets	77,836	64,597
Operating lease charges	250,938	147,396
	<u>250,938</u>	<u>147,396</u>

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 53 (2022 - 53).

	2023 Number	2022 Number
Sales	20	16
Loan operations	26	15
Administration	12	12
IT	14	10
Total	<u>72</u>	<u>53</u>

	2023 £	2022 £
Wages and salaries	3,410,187	2,574,887
Social security costs	383,537	287,657
Pension costs	55,287	44,473
	<u>3,849,011</u>	<u>2,907,017</u>

5 Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor	£	£
For audit services		
Audit of the financial statements of the company	<u>9,000</u>	<u>9,000</u>

6 Interest payable and similar expenses

	2023 £	2022 £
Other finance costs:		
Other interest	<u>23,941</u>	<u>3,397</u>

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

7	Interest receivable and similar income		
		2023	2022
		£	£
	Interest income		
	Interest on bank deposits	9,261	34,149
	Income from fixed asset investments		
	Income from shares in group undertakings	700,000	-
	Total income	<u>709,261</u>	<u>34,149</u>
8	Taxation		
		2023	2022
		£	£
	Current tax		
	UK corporation tax on profits for the current period	1,022,900	1,035,670
	Adjustments in respect of prior periods	-	(15,045)
	Total current tax	<u>1,022,900</u>	<u>1,020,625</u>
	Deferred tax		
	Origination and reversal of timing differences	24,845	2,445
	Total tax charge	<u>1,047,745</u>	<u>1,023,070</u>

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	6,161,262	5,642,258
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	1,170,640	1,072,029
Tax effect of expenses that are not deductible in determining taxable profit	49,075	11,036
Tax effect of income not taxable in determining taxable profit	(133,000)	-
Adjustments in respect of prior years	-	(15,045)
Group relief	(47,150)	(44,141)
Permanent capital allowances in excess of depreciation	6,584	(3,584)
Depreciation on assets not qualifying for tax allowances	3,340	2,775
Other non-reversing timing differences	(1,744)	-
Taxation charge for the year	1,047,745	1,023,070

9 Dividends

	2023 £	2022 £
Interim paid	6,000,000	2,155,000

10 Tangible fixed assets

	Leasehold improvements. £	Fixtures and fittings £	Office furniture & equipment £	Total £
Cost				
At 1 April 2022	57,964	96,863	91,966	246,793
Additions	110,681	66,689	13,828	191,198
At 31 March 2023	168,645	163,552	105,794	437,991
Depreciation and impairment				
At 1 April 2022	41,891	30,445	52,633	124,969
Depreciation charged in the year	33,106	28,086	16,644	77,836
At 31 March 2023	74,997	58,531	69,277	202,805
Carrying amount				
At 31 March 2023	93,648	105,021	36,517	235,186
At 31 March 2022	16,073	66,418	39,333	121,824

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

11 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	12	<u>2,600,000</u>	<u>2,600,000</u>

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
SOMO Bridging Two Limited	UK	Ordinary shares	100.00
Payl8r One Limited	UK	Ordinary shares	100.00

13 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	67,308,950	66,380,016
Corporation tax recoverable	604,609	604,609
Amounts owed by group undertakings	110,423	-
Other debtors	4,361,006	4,863,272
Prepayments and accrued income	60,649	-
	<u>72,445,637</u>	<u>71,847,897</u>

14 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Amounts owed to group undertakings		1,573,376	3,198,383
Trade creditors		68,898,247	65,571,383
Corporation tax		1,167,396	1,059,147
Other taxation and social security		145,925	132,116
Other creditors		26,241	183,185
Accruals and deferred income		3,376,875	3,341,011
		<u>75,188,060</u>	<u>73,485,225</u>

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023 £	Liabilities 2022 £
Balances:		
Accelerated capital allowances	<u>46,639</u>	<u>21,794</u>

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

16 Retirement benefit schemes	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	55,287	44,473
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
SOMO1 Ordinary shares of 1p each	10,000	10,000	100	100
SOMO2 Ordinary shares of 1p each	53	53	1	1
PL Ordinary shares of 1p each	530	530	5	5
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	10,583	10,583	106	106
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

None of the shares in the company are redeemable:

Other rights and restrictions are:

- (i) SOMO1 Ordinary shares carry voting rights and rights to dividends including distributions on a winding up.
- (ii) SOMO2 Ordinary shares have no voting rights and no rights to dividends or distributions except on a winding up.
- (iii) PL Ordinary shares carry voting rights and they have rights to dividends and distributions that relate only to the company's Pay18r business.

18 Financial commitments, guarantees and contingent liabilities

At 31 March 2023 the balance of loan notes outstanding was £1,950,000 (2022: £6,450,000). The loan notes are secured by fixed and floating charges over the assets of Social Money Limited and other group companies. The fixed and floating charges cannot pierce the assets of the bridging investors that are held in trust. The assets that are held in trust for the bridging investors as beneficiaries are the legal charges held over UK property which they financed/invested and the cash held to their credit in the client trust account.

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases with the following expiry dates:

Less than one year	£182,165
Two to five years	£225,970

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

20 Directors' transactions

No dividends were paid in the year in respect of shares held by the company's directors (2022: £Nil).

Debtors includes a loan account representing monies advanced interest free to the directors. Movements during the year were:

	£
Balance at 1 April 2022	1,221,753
Advances	642,767
Repaid	(969,499)
Balance at 31 March 2023	<u>895,021</u>

A director and persons associated with the director received interest of £163,719 on their investments in the bridging finance lending activities of the company during the year. The amounts invested by related parties at 31 March 2023 totalled £2,479,387 (2022: £1,935,732).

Transactions took place during the year with companies controlled by a director of Social Money Limited as follows:

- (i) Funds were advanced to City United Properties Limited for the purposes of its property development activities; the balance owed at 31 March 2023 was £3,231,063 (2022: £2,843,741).
- (ii) Funds were advanced to Thursday Blue SSL in connection with a property acquisition; the balance owed at 31 March 2023 was £183,989 (2022: £174,494).
- (iii) Funds were advanced to SOMO Credit Limited; the balance owed at 31 March 2023 was £19,982 (2022: £Nil).

21 Ultimate controlling party

The company's immediate parent undertaking and ultimate parent undertaking and controlling party is Social Money Group Limited, a company registered in England (company number 12668162).

The consolidated financial statements of the group are available from the offices of Social Money Group Limited, which can be found at 2nd Floor, St Johns House, Barrington Road, Altrincham, Greater Manchester, England, WA14 1JY.

22 Prior period adjustment

Following a review of historical loan book assets it was found that an adjustment was required to prior year values. This resulted in an increased provision for bad debts against the consumer loan book. The financial statements have been restated to incorporate the impact of this and the effect on previously reported figures is set out below.

Changes to the statement of financial position

	As previously reported £	Adjustment £	As restated at 31 Mar 2022 £
Current assets			
Debtors due within one year	72,655,432	(807,535)	71,847,897
Creditors due within one year			
Taxation	(1,344,695)	153,432	(1,191,263)
Net assets	<u>7,191,798</u>	<u>(654,103)</u>	<u>6,537,695</u>

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

22 Prior period adjustment		(Continued)	
	As previously reported £	Adjustment £	As restated at 31 Mar 2022 £
Capital and reserves			
Profit and loss reserves	7,191,692	(654,103)	6,537,589
Changes to the income statement			
	As previously reported £	Adjustment £	As restated £
Period ended 31 March 2022			
Administrative expenses	(6,084,903)	(807,535)	(6,892,438)
Taxation	(1,176,502)	153,432	(1,023,070)
Profit for the financial period	5,273,291	(654,103)	4,619,188
23 Cash generated from operations		2023	2022
		£	£
Profit for the year after tax		5,113,517	4,619,188
Adjustments for:			
Taxation charged		1,047,745	1,023,070
Finance costs		23,941	3,397
Investment income		(709,261)	(34,149)
Depreciation and impairment of tangible fixed assets		77,836	64,597
Movements in working capital:			
Increase in debtors		(894,472)	(10,558,238)
Increase in creditors		3,219,593	8,089,448
Cash generated from operations		7,878,899	3,207,313
24 Analysis of changes in net funds		1 April 2022	Cash flows 31 March 2023
		£	£
Cash at bank and in hand	5,474,993	130,095	5,605,088
Borrowings excluding overdrafts	(3,198,383)	1,625,007	(1,573,376)
	<u>2,276,610</u>	<u>1,755,102</u>	<u>4,031,712</u>