

Registered number: 07453502

EPOINTS REWARDS LIMITED
FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 DECEMBER 2020

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EPOINTS REWARDS LIMITED
REGISTERED NUMBER: 07453502

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020


| | Note | 2020 £ | 2019 £ |
|---|------|-----------|-----------|
| Fixed assets | | | |
| Investments | 5 | 1,664,133 | 1,414,233 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 6 | 214,200 | 435,616 |
| Cash at bank and in hand | | 113,765 | 5,975 |
| | | 327,965 | 441,591 |
| Creditors: amounts falling due within one year | 7 | (171,271) | (591,890) |
| Net current assets/(liabilities) | | 156,694 | (150,299) |
| Total assets less current liabilities | | 1,820,827 | 1,263,934 |
| Creditors: amounts falling due after more than one year | 8 | (265,000) | - |
| Provisions for liabilities | | | |
| Other provisions | 11 | (163,599) | (216,296) |
| Net assets | | 1,392,228 | 1,047,638 |
| Capital and reserves | | | |
| Called up share capital | | 1,700,000 | 1,000,000 |
| Profit and loss account | | (307,772) | 47,638 |
| | | 1,392,228 | 1,047,638 |

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: 16th Nov 2021

The notes on pages 2 to 8 form part of these financial statements.

EPOINTS REWARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 two profitable new product launches, nil cost loans and brand programmes and a pipeline of nearly 100 new clients and has continued to grow despite of the COVID-19 pandemic. In addition, the company issued further share capital during the year to enable the company to meet its ongoing financial commitments.

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 issuing of the epoints to the employer. The issue occurs once payment 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.

EPOINTS REWARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

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 balance sheet 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.

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

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

2.8 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 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.

2.10 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.

EPOINTS REWARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 Provisions for liabilities

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

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

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

2.12 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 Statement of Financial Position 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.

2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Employees

The average monthly number of employees, including directors, during the year was 3 (2019 - 3).

EPOINTS REWARDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Taxation

| | 2020 | 2019 |
|--|----------|----------|
| | £ | £ |
| Corporation tax | | |
| Current tax on profits for the year | - | - |
| Deferred tax | | |
| Origination and reversal of timing differences | (86,786) | (23,531) |
| Taxation on loss on ordinary activities | (86,786) | (23,531) |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

| | 2020 | 2019 |
|--|-----------|-----------|
| | £ | £ |
| Loss on ordinary activities before tax | (442,196) | (138,418) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%) | (84,017) | (26,299) |
| Effects of: | | |
| Other differences leading to an increase (decrease) in the tax charge | (2,769) | 2,768 |
| Total tax charge for the year | (86,786) | (23,531) |

Factors that may affect future tax charges

The company has carried forward trading losses of £580,614 (2019 - £138,418) to offset against future profits for corporation tax purposes.

5. Fixed asset investments

| | Investments in subsidiary companies | Loans to subsidiaries | Total |
|----------------------------|---|--------------------------|-----------|
| | £ | £ | £ |
| Cost or valuation | | | |
| At 1 January 2020 | 100 | 1,414,133 | 1,414,233 |
| Additions | - | 250,000 | 250,000 |
| Disposals | (100) | - | (100) |
| At 31 December 2020 | - | 1,664,133 | 1,664,133 |

EPOINTS REWARDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Debtors

| | 2020 | 2019 |
|------------------------------------|---------|---------|
| | £ | £ |
| Trade debtors | 44,942 | 996 |
| Amounts owed by group undertakings | 19,665 | 237,212 |
| Other debtors | - | 165,877 |
| Prepayments and accrued income | 39,276 | 8,000 |
| Deferred taxation | 110,317 | 23,531 |
| | 214,200 | 435,616 |

7. Creditors: Amounts falling due within one year

| | 2020 | 2019 |
|------------------------------------|---------|---------|
| | £ | £ |
| Bank loans | 35,000 | - |
| Trade creditors | - | 28,458 |
| Amounts owed to group undertakings | 75,000 | 453,716 |
| Other taxation and social security | 19,999 | 104,114 |
| Other creditors | 5,202 | 1,452 |
| Accruals and deferred income | 36,070 | 4,150 |
| | 171,271 | 591,890 |

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

| | 2020 | 2019 |
|------------|---------|------|
| | £ | £ |
| Bank loans | 265,000 | - |

The following liabilities were secured:

| | 2020 | 2019 |
|-----------|---------|------|
| | £ | £ |
| Bank loan | 300,000 | - |

Details of security provided:

The bank loan is secured by a debenture granted by the Company; and a guarantee for £300,000 provided by MBI MBO Limited, which has a controlling ownership over the Company.

EPOINTS REWARDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Loans

Analysis of the maturity of loans is given below:

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Amounts falling due within one year | | |
| Bank loans | 35,000 | - |
| Amounts falling due 1-2 years | | |
| Bank loans | 60,000 | - |
| Amounts falling due 2-5 years | | |
| Bank loans | 180,000 | - |
| Amounts falling due after more than 5 years | | |
| Bank loans | 25,000 | - |
| | 300,000 | - |

10. Deferred taxation

| | 2020 £ |
|---------------------------|----------------|
| At beginning of year | 23,531 |
| Charged to profit or loss | 86,786 |
| At end of year | 110,317 |

The deferred tax asset is made up as follows:

| | 2020 £ | 2019 £ |
|----------------------------|-----------|-----------|
| Tax losses carried forward | 110,317 | 23,531 |

11. Provisions

| | Other provisions £ |
|----------------------------|--------------------------|
| At 1 January 2020 | 216,296 |
| Utilised in year | (52,697) |
| At 31 December 2020 | 163,599 |

EPOINTS REWARDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 a loan account with its parent company, MBI MBO Limited. As at 31 December 2020 £1,589,033 (2019 - £1,189,133) was owed by MBI MBO Limited. No interest was charged on this loan (2019 - £NIL).

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 December 2020 was unqualified.

The audit report was signed on 23 March 2021 by Richard Vass (Senior Statutory Auditor) on behalf of Price Bailey LLP.