

Next Jump Limited

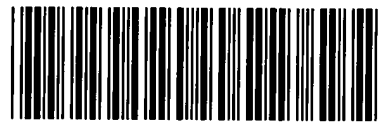
Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 06156435

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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

Contents

	Page
Strategic Report	1 - 2
Directors' Report	3
Directors' Responsibilities Statement	4
Independent Auditor's Report	5 - 8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 - 25

Next Jump Limited

Strategic Report For the year ended 31 December 2021

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2021

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.

2021 Review of Business

Throughout 2021, there was a continued focus on further developing and enhancing our core products to counteract the effects of the global pandemic. A big development in our product was to work on expanding our merchant partnerships, to be able to provide a greater array of unique and localised brands for our user base. We simultaneously upgraded our platform and streamlined the onboarding process of new merchant partnerships. From the business and operational perspective, teams focused on product development and enhancing processes, to enable us to provide the best quality of service for our users and merchant partners. We also expanded the content available for our Community Online Academy and continued to support our online community with health, learning and development.

In 2021, with COVID-19 restrictions being lifted, we have seen revenue increase by 9% and return of profitability. This was predominantly driven by electronic gift vouchers, and the recovery of cinema, travel, and attraction tickets, as consumer behaviour and spend shifted towards the hospitality and travel sector. We continued to see substantial growth in our electronic gift voucher category, emphasising growth in online shopping consumerism post 2020.

Future developments

In the first half of 2022, we have continued to see the recovery of our core business. Due to the current macro-economic climate, such as a rise in the cost of living, users are seeking discounted products, and with COVID-19 restrictions being lifted, it has resulted in a gradual increase in the sales of travel and cinema. Thus, we have begun to see a positive steady upward trend in our key revenue driving categories and strong signals of trending in the right direction, with the expectation that this will strengthen our results for the latter half of 2022 and beginning of 2023. This position is especially strengthened with the e-commerce industry expecting to grow further, due to the surge of digitization in the last year. The business continues to operate with a mixture of employees working from home and the office. Productivity has not dropped as we have invested in upgrading technical processes that enhance efficiency. We expect to continue to support employees working from home to continue for the foreseeable future.

Next Jump Limited

Strategic Report (continued) For the year ended 31 December 2021

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>2021</u> £'000	<u>2020</u> £000	% Change
Turnover	92,613	84,980	+9.0%
Profit/(loss) on ordinary activities before taxation	388	(493)	+178.7%

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

Kevin A McCoy

Kevin McCoy
Director

Date: 21 September 2022

Next Jump Limited

Directors' Report For the year ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Results and dividends

The profit for the year, after taxation, amounted to £311,224 (2020 - loss £484,772).

A dividend was declared in the year of £Nil (2020 - £3,000,000).

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.

Kevin A McCoy

Kevin McCoy
Director

Date: 21 September 2022

Next Jump Limited

Directors' Responsibilities Statement For the year ended 31 December 2021

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 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 2021 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.

We have audited the financial statements of Next Jump Limited ("the Company") for the year ended 31 December 2021 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 Directors' responsibilities statement, 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:

We obtained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates. We considered the significant laws and regulations to be Companies Act 2006 and the applicable accounting standards.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to management bias in accounting estimates and the risk of fraud in revenue recognition.

Our testing included but was not limited to:

- We considered the processes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those processes and controls;
- We challenged assumptions and judgements made by management in areas involving significant estimates, with the key sources of estimation identified as the recoverability of trade and other receivables and the write-back to profit or loss of inactive reward point liabilities;
- We performed substantive testing on account balances and transactions, which were considered to be a greater risk of susceptibility to fraud. This included revenue, where we checked a sample transactions to supporting documentation and checked that revenue recognised was in line with contractual terms;
- We targeted journal entry testing based on identified characteristics the audit team considered could be indicative of fraud, as well as a focus on large and unusual transactions based upon our knowledge of the business;
- We made enquiries of Management, those charged with governance and those responsible for legal and compliance procedures as to whether there was any correspondence from regulators in so far as the correspondence related to financial statements; and
- We 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.

Next Jump Limited

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

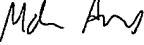
Auditor's responsibilities for the audit of the financial statements (continued)

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

21 September 2022

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 2021

	Note	2021 £	2020 £
Turnover	4	92,613,387	84,979,578
Operating expenses		(92,222,582)	(85,499,216)
Operating profit/(loss)	5	390,805	(519,638)
Interest (payable)/receivable	9	(3,201)	15,704
Other income	10	-	11,244
Profit/(loss) on ordinary activities before taxation		387,604	(492,690)
Taxation	11	(76,380)	7,918
Profit/(loss) for the financial year		311,224	(484,772)

There was no other comprehensive income for 2021 (2020 - £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 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	12		28,516		47,744
Current assets					
Stock	13	565,464		538,918	
Debtors	14	5,061,064		4,541,069	
Cash at bank and in hand		10,379,639		11,024,547	
		<u>16,006,167</u>		<u>16,104,534</u>	
Creditors: amounts falling due within one year	15	<u>(14,956,122)</u>		<u>(15,395,885)</u>	
Net current assets			1,050,045		708,649
Total assets less current liabilities			1,078,561		756,393
Provisions for liabilities					
Deferred tax	16		(5,892)		(9,630)
Net assets			1,072,669		746,763
Capital and Reserves					
Called up share capital	18		6		6
Share premium account			299,994		299,994
Capital contribution			70,906		56,224
Profit and loss account			701,763		390,539
Total equity			1,072,669		746,763

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

Kevin A McCoy 21 September 2022

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 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

Statement of Changes in Equity For the year ended 31 December 2020

	Called up share capital	Share premium account	Capital contribution	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	6	299,994	47,643	3,875,311	4,222,954
Comprehensive loss for the year					
Loss for the year	-	-	-	(484,772)	(484,772)
Total comprehensive loss for the year	-	-	-	(484,772)	(484,772)
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(3,000,000)	(3,000,000)
Share based payment	-	-	8,581	-	8,581
Total transactions with owners	-	-	8,581	(3,000,000)	(2,991,419)
At 31 December 2020	6	299,994	56,224	390,539	746,763

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 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit/(loss) for the financial year	311,224	(484,772)
Adjustments for:		
Depreciation	28,323	52,861
Provision against trade and other debtors	14,481	116,868
Provision against stock	-	57,220
Share based payment	14,682	8,581
Taxation	76,380	(7,918)
Interest received	3,201	(15,704)
(Increase)/decrease in stocks	(26,546)	417,220
(Increase)/decrease in debtors	(550,563)	1,287,441
Increase/(decrease) in creditors	2,499,991	(1,548,143)
Corporation tax paid	-	137,264
(Gain)/loss on foreign exchange	(236)	20,412
Net cash generated from operating activities	2,370,937	41,330
Cash flows from investing activities		
Purchase of tangible fixed assets	(9,095)	-
Interest (paid)/received	(3,201)	15,704
Net cash from investing activities	(12,296)	15,704
Cash flows from financing activities		
Dividends paid	(3,000,000)	-
Net cash used in financing activities	(3,000,000)	-
Net (decrease)/increase in cash and cash equivalents	(641,359)	57,034
Cash and cash equivalents at beginning of year	11,024,547	10,979,007
Foreign exchange gains and losses	(3,549)	(11,494)
Cash and cash equivalents at the end of year	10,379,639	11,024,547
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	10,379,639	11,024,547
	10,379,639	11,024,547

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 2021

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 profit or loss.

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 2021

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.

2.11 Government grants

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2021

2. Accounting policies (continued)

2.12 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.

2.13 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 2021

2. Accounting policies (continued)

2.13 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.

2.14 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 planning and consider that the Company has sufficient future expected cashflows. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

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.

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2021

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Sales	<u>92,613,387</u>	<u>84,979,578</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	<u>92,613,387</u>	<u>84,979,578</u>

5. Operating expenses

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

	2021 £	2020 £
Payroll costs	1,634,481	2,014,421
Cost of sales	89,390,329	82,243,603
Provision against trade and other debtors	14,481	116,868
Provision against stock	-	57,220
Depreciation	28,323	52,861
Foreign exchange movement	(236)	20,412
Office costs	223,692	119,974
Operating lease rental	652,660	595,836
Other administration expenses	278,852	278,021

6. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor in respect of:		
Audit	38,700	34,000
Corporation tax compliance	6,000	5,400
Other taxation advice	5,000	1,250
	<u>49,700</u>	<u>40,650</u>

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2021

7. Employees

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

	2021 £	2020 £
Wages and salaries	1,310,956	1,654,183
Social security costs	185,012	208,234
Charge for share based payments	14,682	8,581
Pension costs	123,831	143,423
	<u>1,634,481</u>	<u>2,014,421</u>

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

	2021 No.	2020 No.
Administration	<u>21</u>	<u>29</u>

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	174,082	211,867
Pension contributions	17,000	17,000
	<u>191,082</u>	<u>228,867</u>

During the year retirement benefits were accruing to 1 director (2020 - 1) in respect of defined contribution pension schemes.

9. Interest receivable

	2021 £	2020 £
Other interest (payable)/receivable	<u>(3,201)</u>	<u>15,704</u>

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2021

10. Other income

	2021 £	2020 £
Government grants	-	11,244

The income of £11,244 relates to the Coronavirus Job Retention Scheme advantage taken by the Company in the previous year. There is no such income in the current year.

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	80,118	-
Total current tax	80,118	-
Deferred tax		
Share options	(85)	165
Excess capital allowances	(3,653)	(6,019)
Difference due to change in tax rate	-	(2,064)
Total deferred tax	(3,738)	(7,918)
Taxation on profit/(loss) on ordinary activities	76,380	(7,918)

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2021

11. Taxation (continued)

Reconciliation of effective tax rate

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	<u>387,604</u>	<u>(492,690)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	73,645	(93,611)
Effects of:		
Expenses not deductible for tax purposes	1,242	10,520
Share based payment charge	2,705	1,795
Difference due to change in tax rate	-	(2,065)
Short-term timing differences	(1,212)	2,198
Tax loss carried back	-	73,245
Total tax charge for the year	<u><u>76,380</u></u>	<u><u>(7,918)</u></u>

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 balance sheet date has been calculated using the applicable rate when the liability is expected to be realised.

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2021

12. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2021	92,642	231,312	323,954
Additions	-	9,095	9,095
At 31 December 2021	92,642	240,407	333,049
Depreciation			
At 1 January 2021	79,769	196,441	276,210
Charge for the year	7,667	20,656	28,323
At 31 December 2021	87,436	217,097	304,533
Net book value			
At 31 December 2021	5,206	23,310	28,516
At 31 December 2020	12,873	34,871	47,744

13. Stock

	2021 £	2020 £
E-vouchers	565,464	538,918

Included within operating expenses is £3,869,424 (2020 - £3,494,909) in respect of stock recognised as an expense in the year.

14. Debtors

	2021 £	2020 £
Trade debtors	1,041,624	1,123,894
Other debtors	1,279,029	1,532,158
Prepayments and accrued income	2,740,411	1,779,080
Corporation tax receivable	-	16,086
Amounts due from parent company (note 21)	-	89,851
	5,061,064	4,541,069

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2021

15. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,638,377	919,768
Other creditors	32,375	21,667
Other taxation and social security	522,073	1,384,257
Amounts owed to parent company (note 21)	1,071,186	-
Corporation tax payable	64,032	-
Unpaid dividends	-	3,000,000
Accruals and deferred income	887,705	606,783
Reward points scheme	10,740,374	9,463,410
	14,956,122	15,395,885

The unpaid dividends balance was settled in Q1 2021.

16. Deferred taxation

	2021 £
At the beginning of the year	(9,630)
Credited/(charged) to profit or loss	3,738
At the end of the year	(5,892)

The provision for deferred taxation arises from the following:

	2021 £	2020 £
Share options	(474)	(559)
Excess capital allowances	(5,418)	(9,071)
	(5,892)	(9,630)

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2021

17. 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 £14,682 (2020 - £8,581).

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 2019	675,900	0.51
Granted	7,500	0.51
Cancelled or forfeited	<u>(52,500)</u>	<u>0.52</u>
As at 31 December 2020	630,900	0.51
Granted	-	-
Cancelled or forfeited	<u>(262,500)</u>	<u>0.51</u>
As at 31 December 2021	<u>368,400</u>	0.51

For the share options outstanding at 31 December 2021 and 31 December 2020, 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 (2020 - \$0.30). As at 31 December 2021 the weighted average remaining contractual terms is 4 years (2020 - 6.0 years).

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

Share price at grant date	2020 \$0.51
Expected life (years)	6.5
Risk-free rate	0.25-0.27%
Expected volatility	60.00%
Dividend yield	-

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2021

17. Share options (continued)

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.

18. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
6 ordinary shares of £1 each	<u>6</u>	<u>6</u>

19. Commitments under operating leases

Financial commitments under non-cancellable rental operating leases will result in the following payments falling due:

	2021 £	2020 £
Less than one year	487,500	650,000
Within 2-5 years	-	1,137,500
	<u>487,500</u>	<u>1,787,500</u>

Next Jump Limited

Notes to the Financial Statements For the year ended 31 December 2021

20. 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 2021 is £1,071,186 (2020 - £Nil).

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.

21. Related party transactions

In the opinion of the directors, the immediate and ultimate parent company at 31 December 2021 was Next Jump Inc., incorporated in the United States of America.

Transactions and balances with the parent company are as follows:

	2021 £	2020 £
Amounts (owed to)/due from the parent company (note 14, 15)	(1,071,186)	89,851
Dividends due to parent company (note 15)	-	(3,000,000)
Expenses recharged by the parent company	675,053	286,278
Cash collected by the parent company	147	50,019
Service agreement fee charged to the parent company	486,131	486,131
	<u> </u>	<u> </u>