



Annual Report

For the Year Ended 31 December 2022

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For the Year Ended 31 December 2022

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Company Information

For the Year Ended 31 December 2022

Directors

HCG Marr (Chairperson)
A De Gottardo
SM Joseph
N Karsan
PLM Kenny
A Michaelides

Registered Office

LABS House
15-19 Bloomsbury Way
London
WC1A 2TH

Registered Number

10359002 (England and Wales)

Independent Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Strategic Report

for the year ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Review of Business

On 24 June 2022 Kroo received its full authorisation as a bank. This last step in the authorisation process required Kroo to meet a number of requirements set by the Prudential Regulation Authority and the Financial Conduct Authority, including Kroo demonstrating that it had sufficient capital resources for its first year following authorisation. This was made possible by the successful completion of the Series B funding round, raising £27.3m from both existing and new investors.

Throughout 2022, Kroo continued to offer its mobile app with an e-money account linked to a beta debit card. In the first three quarters Kroo continued to develop its systems, policies and procedures in order to be in a position to launch its first bank product, a personal current account with an overdraft, towards the end of Q3 2022. The first customers (other than staff) who were offered the opportunity to open a personal current account were existing holders of an e-money account. The first small batch of such customers was invited to apply for the personal current account in August 2022, followed in November 2022 by those on a waiting list. On 5 December 2022 the personal current account was launched to the public.

On 12 August 2022 Christiaen van Lanschot was appointed to the board of Kroo as an independent non-executive director. With this appointment the board now has its full complement of seven directors, of whom four are independent, one is a shareholder representative non-executive and two are executives.

Key Performance Indicators

Kroo made a loss of £14.9m for the year ended 31 December 2022 (2021: £7.7m). Its regulatory capital, all of which is in the form of Core Equity Tier 1 capital, stood at £22.4m at the balance sheet date, which exceeded the regulatory requirement.

At 31 December 2022 Kroo had 4,781 current accounts with total credit balances of £1.2m. The number of employees has increased during the year from 59 to 149. All staff have completed training on a range of training modules including on combating money laundering and bribery and corruption.

Key Risks

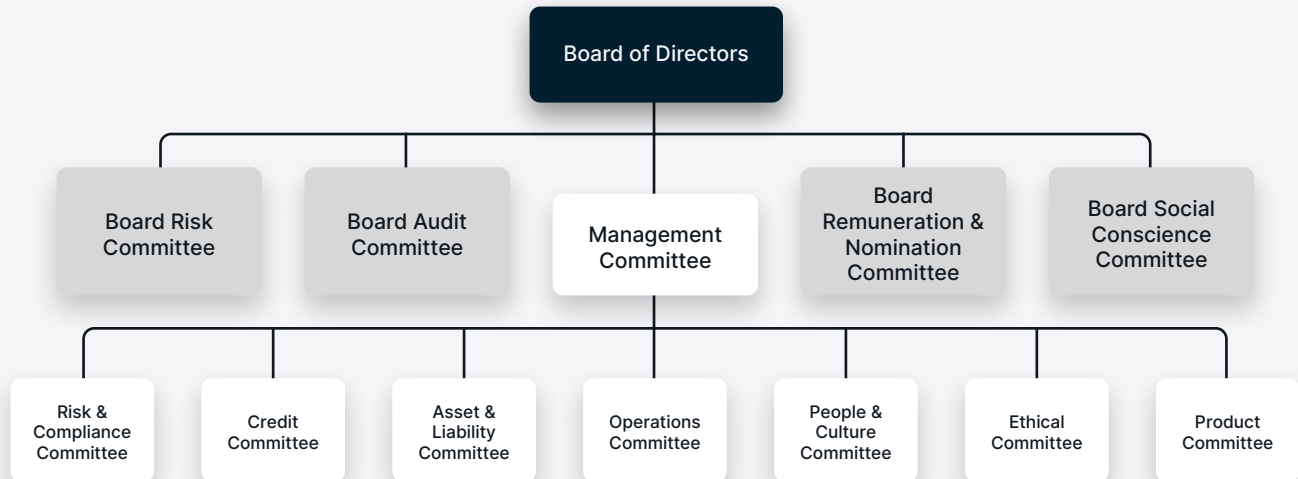
A review of the main risk areas is set out in the Directors' Report.

During 2021 Kroo has established a governance structure with a Board Risk Committee, a Board Audit Committee, a Board Remuneration & Nomination Committee and a Board Social Conscience Committee. At the executive level, the Management Committee has responsibility for day-to-day management of Kroo, including managing risks, and is assisted in this by the Risk & Compliance Committee, the Operations Committee and the People & Culture Committee. Kroo will also have a Credit Committee and an Asset and Liability Committee once full operations are launched.

Strategic Report

for the year ended 31 December 2022

The governance structure is set out in the diagram below:



The Board comprises an independent chairperson, two independent non-executive directors, one other non-independent non-executive director and two executives. The Board Committees comprise non-executive directors only but may be attended by executives.

Kroo's Risk Management Framework is built on the three lines of defence model. The three lines are as follows:

FIRST LINE OF DEFENCE

The first line comprises central functions such as finance, IT, human resources and operations as well as customer-facing functions such as customer support, lending and deposit-taking teams. The first line of defence has primary responsibility for the identification, mitigation, management and monitoring of risks arising within each function. The first line are the primary risk owners.

SECOND LINE OF DEFENCE

The second line of defence comprises the Risk and Compliance department which is responsible for providing oversight and challenge to the first line as well as helping establish the risk boundaries within which the first line must operate. In addition to the above responsibilities Risk is responsible for:

- Designing, maintaining and improving the Company's risk management framework;
- Ensuring the risk management tools and controls are appropriately designed and implemented;
- Ensuring the appropriateness and availability of the company-wide risk system;
- Developing and delivering company wide training on the various elements of the risk framework to the appropriate staff;
- Producing regular, relevant, risk reporting to management and the Board; and
- Producing the Company's risk policies and maintaining the company-wide policy framework.

Strategic Report

for the year ended 31 December 2022

THIRD LINE OF DEFENCE

The third line of defence is responsible for providing assurance on the adequacy, appropriateness and effectiveness of the Company's first and second lines of defence. The third line comprises Internal Audit which is provided by a third-party on an outsourced basis.

Going Concern

As part of their consideration of the appropriateness of adopting the going concern basis in preparing the annual report, the directors have assessed the extent of uncertainty surrounding Kroo's ability to continue as a going concern. The directors have reviewed the business plans and capital projections of the Company and the risks to the Company's continuing operations and are reasonably confident of Kroo's ability to raise sufficient equity funding to support its operations for the next twelve months, including the amount needed to meet capital requirements.

Kroo is in the process of raising £10m-£15m of equity funding in a Series B+ funding round for this purpose, which is due to be completed shortly after the approval of the financial statements. In addition, the Company is planning a Series C funding round later in the year.

As the status of Kroo as a going concern is dependent on securing this new equity funding, the directors are of the opinion that this matter represents a material uncertainty that may cast significant doubt upon its ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

Engagement with Stakeholders

This section of the Strategic Report describes how the directors have had regard to the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006. The Company recognises that it has five key stakeholders which the Company is required to treat fairly, namely:

CUSTOMERS

Kroo aims to deliver an exceptional quality of experience and service to its customers. Its products are simple and straightforward and are fairly priced. The Company pays close attention to feedback from customers whether that is in the form of interactions with customer service, reviews or indeed complaints. New products and significant changes to existing products are subject to a new product approval process which ensures that products are designed to meet customer needs.

SHAREHOLDERS

Kroo maintains a close relationship with shareholders. One of the largest shareholders is a member of the Board of Directors and all shareholders receive periodic updates on the Company's progress. Kroo's strategic objective is to build a successful and profitable bank which rewards shareholders with returns that reflect the risk they have assumed in the start-up phase.

Strategic Report

for the year ended 31 December 2022

EMPLOYEES

Employee satisfaction and engagement are key to the success of Kroo. The Company monitors staff engagement regularly through surveys and through close contact between colleagues at all levels of the organisation, something which has become especially important as remote working is establishing itself as part of the normal mix of hybrid working.

THIRD PARTY SUPPLIERS

Kroo operates with a large number of suppliers who are important in building the capabilities that are required to offer banking services and to ensure that these operate in a safe and secure way. Suppliers are subject to rigorous due diligence before they are selected and to periodic reviews thereafter.

REGULATORS

The Company is authorised by the Prudential Regulation Authority ("PRA") and supervised by the PRA and the Financial Conduct Authority ("FCA") with reference number 953772. Kroo developed a close, constructive and open relationship with the PRA and the FCA during the authorisation process and maintains the quality of this relationship now that it is fully authorised.

Directors' Statement of Compliance with Duty to Promote the Success of the Company

The directors have acted in good faith and in a manner appropriate to the success of Kroo for the benefit of the members as a whole.

External Environment

The UK economy was affected during 2022 by the continuing impact of the Covid-19 pandemic and by the invasion of Ukraine as well as monetary and fiscal policy changes in the UK. These have led to a substantial rise in inflation and in the Bank of England base rate. These changes have led Kroo to refine its credit decisioning to reflect the increased cost of living and its impact on credit affordability, but also to reconsider its original plan to pay no interest on current account credit balances. Kroo announced on 5 December 2022 that it would be offering credit interest of 2.02% AER on its personal current account and this rate has since been increased as the Bank of England base rate has continued to rise. This will allow Kroo to share the benefit of increasing interest rates with its customers.

The failure of Silicon Valley Bank and the enforced takeover of Credit Suisse by UBS in March 2023 have dented confidence in the banking sector. However, Kroo has not seen any direct impact on its business, whether through an outflow of deposits or through potential investors withdrawing from the Series B+ funding.

Strategic Report

for the year ended 31 December 2022

Future Developments

Kroo expects to substantially increase the number of customers during 2023 and to introduce a consumer lending product. It is also in the early stages of the next fundraising to raise capital to support its growing operations.

On Behalf of the Board

CAMERON MARR (CHAIRPERSON)

DATE: 26 April 2022

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Report of the Directors

for the year ended 31 December 2022

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

Dividends

No dividends will be distributed for the year ended 31 December 2022.

Directors

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

HCG Marr
A De Gottardo
SM Joseph
N Karsan
PLM Kenny
A Michaelides
C Van Lanschot (Appointed 12 August 2022)

Statement as to Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Main Risk Areas

Kroo has identified the following main categories of risk:

Capital adequacy risk: This is the risk that Kroo has inadequate capital to cover its risks appropriately. At this early stage in Kroo's life as a bank, the main source of capital adequacy risk would be the inability to raise sufficient capital to support its operations or an underestimate of its requirements. To assess its capital requirements Kroo carries out an Internal Capital Adequacy Assessment Process which is approved by the Board.

Report of the Directors

for the year ended 31 December 2022

Operational risk: This is the risk of loss, disruption to business, damage to reputation or of legal action arising from inadequate or failed internal processes, people and systems. This risk is elevated at the moment at Kroo as many processes and systems are relatively new. The risk register identifies key risks and these are mitigated by putting appropriate controls in place.

Conduct risk: This is the risk of loss or damage to Kroo's reputation through actions or omissions by Kroo that stresses the importance of treating customers fairly. New products or significant changes to products undergo a new product approval process which gives careful consideration to the impact on customers, including vulnerable customers. Kroo is fully aligned with the Consumer Duty initiative of the Financial Conduct Authority which it sees as reinforcing its existing commitments to be fair to customers.

Business risk: This is the risk that Kroo is not able to execute its strategy according to its plans, failing to generate expected revenues or failing to control costs. These risks are managed through Board oversight of the execution of strategy, regular reporting on project implementation and action to address deviations from plan.

Reputational risk: This is the risk of damage to Kroo's reputation through inappropriate actions by customers, employees or partners. Kroo addresses this through a thorough due diligence exercise on new customers, employees and partners.

Legal and regulatory risk: This is the risk of economic loss through a breach of legal or regulatory requirements. Kroo undertakes horizon scanning to identify new legal and regulatory requirements and ensures through the new product approval process that regulatory or legal considerations are taken into account in developing products.

Other risks: As Kroo continues to develop its banking operations, its liquidity and funding risk, credit risk and market risk will grow from a relatively low level at the moment. The Asset & Liability Committee and Credit Committee oversee the management of these risks at executive level. Kroo has limited exposure to climate risk as it has no physical exposure by way of premises which could be vulnerable, and it has no lending to business borrowers who are in sectors which are vulnerable to climate change impacts.

Political and Charitable Contributions

The Company made no political donations during the year (2021: nil).

The Company made charitable donations of £122,102 (2021: £1,600).

Research and Development

Kroo invests in the development of its own platform and developing the interfaces between the platform and systems supplied by third parties. Kroo claims research and development relief from His Majesty's Revenue and Customs.

Strategic Report

for the year ended 31 December 2022

Directors' Indemnities

The Board of Directors has put in place a directors' and officers' liability insurance policy to indemnify the directors and officers of the Company against loss arising from any claim made against them jointly or severally for any failure of duty of care in their capacity as director or officer of the Company.

Auditors

BDO LLP were re-appointed as auditors by way of a written resolution of the shareholders passed on 15 September 2022.

On Behalf of the Board

ANDREA DE GOTTARDO (DIRECTOR)

DATE: 26 April 2022

Statement of Directors' Responsibilities

for the year ended 31 December 2022

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.'

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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting 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 such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Report of the Independent Auditors to the Members of Kroo Bank Ltd

for the year ended 31 December 2022

Independent Auditor's Report to the Members of Kroo Bank Ltd

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

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

We have audited the financial statements of Kroo Bank Ltd (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the board to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is 1 year, covering the year ended 31 December 2021.

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 as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Report of the Independent Auditors to the Members of Kroo Bank Ltd

for the year ended 31 December 2022

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 1 of the financial statements, which indicates that the ability of the company to continue as a going concern is dependent on it obtaining additional funding which at the date of this report has not been committed. As stated in Note 1, these events, and conditions, along with other matters as set out in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The going concern of the entity is dependent on additional funding to meet both operating and regulatory capital requirements as disclosed in Note 1. As a result of the impact of this on our risk assessment and audit strategy we considered going concern to be a key audit matter:

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting and our response to the key audit matter included the following:

- Review of the Directors' projections for capital for a period of 12 months from the date of approval of these financial statements to challenge the reasonableness of assumptions, including growth of deposits and loan portfolios by comparing to actuals to date, and economic variables to existing rates.
- We have reviewed key capital and liquidity ratios for significant deterioration which would raise doubt about the going concern assumption.
- We have agreed the existing capital position to supporting documentation and reviewed the nature of the Company's funding base and compared to that raised to date.
- We reviewed the term sheets for the £10m-£15m funding not yet committed.
- We considered sensitivities over the level of available financial resources indicated by the Company's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively.
- We assessed the completeness and accuracy of the matters covered in the going concern disclosure within the financial statements using our knowledge of the relevant facts and circumstances developed during our audit work and consistency with the going concern assessment.

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.

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

Report of the Independent Auditors to the Members of Kroo Bank Ltd

for the year ended 31 December 2022

OVERVIEW

Key audit matters	Going Concern	2022 ✓	2021 ✓
Materiality	<i>Company financial statements as a whole</i> £230,000 (2021: £96,500) based on 1% of Net assets (2021: 1% of Net assets)		

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement. All the audit work was undertaken by BDO LLP.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there are no other key audit matters to communicate in our report.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

Report of the Independent Auditors to the Members of Kroo Bank Ltd

for the year ended 31 December 2022

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	2022 £	2021 £
Materiality	230,000	96,500
Basis for determining materiality	1% of Net Assets	
Rationale for the benchmark applied	We determined that net assets was the most appropriate benchmark considering the different stakeholders and this is considered to be the measure which closely corresponds to regulatory capital. Regulatory stability is considered to be a main driver for the Company as well as the purpose of the Company which is to optimise rather than maximise profits.	
Performance materiality	161,000	62,000
Basis for determining performance materiality	Performance materiality has been set at 70% (2021: 65%) of materiality, based on our risk assessment together with our assessment of the company's overall control environment and expected total value of known and likely misstatements based on past experience. A lower percentage was used in the prior year as that was the first year that the Company was subject to an audit.	

Report of the Independent Auditors to the Members of Kroo Bank Ltd

for the year ended 31 December 2022

REPORTING THRESHOLD

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £11,500 (2021: £4,800). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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.

Report of the Independent Auditors to the Members of Kroo Bank Ltd

for the year ended 31 December 2022

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

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.

Report of the Independent Auditors to the Members of Kroo Bank Ltd

for the year ended 31 December 2022

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which would be contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, those resulting from being regulated by the Financial Conduct Authority and Prudential Regulation Authority to undertake regulated activities, and the applicable accounting framework.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be management override of controls and in relation to accounting estimates such as the fair value in relation to share based payments.

Our procedures included, but were not limited to:

- obtaining an understanding of the control environment for monitoring compliance with laws and regulations;
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with the relevant laws and regulations discussed above;

Report of the Independent Auditors to the Members of Kroo Bank Ltd

for the year ended 31 December 2022

- enquiring of management and those charged with governance about their own identification and assessment of the risks of irregularities, including fraud;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, reporting to the Directors with respect to compliance with laws and regulations, legal correspondence and correspondence with the Financial Conduct Authority and the Prudential Regulation Authority to identify any instances of non-compliance with laws and regulations and fraud;
- involving our internal valuation experts in the assessment of assumptions applied in the valuation of share options;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments and evaluating the business rationale for sample of significant transactions that are unusual or outside the normal course of business by agreeing to supporting documentation.

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.

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: 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.

Report of the Independent Auditors to the Members of Kroo Bank Ltd

for the year ended 31 December 2022

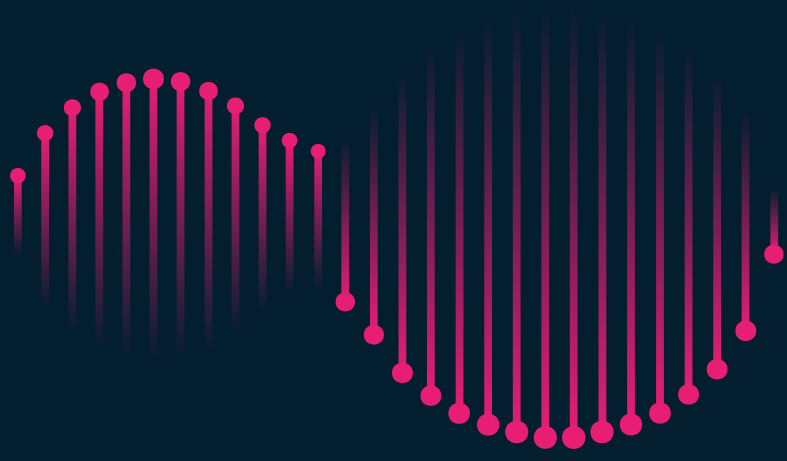
MATTHEW HOPKINS (SENIOR STATUTORY AUDITOR)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

27 April 2022

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



Statement of Comprehensive Income

for the year ended 31 December 2022

	Notes	2022 £	2021 £
Interest receivable and similar income	4	165,998	355
Interest payable and similar expenses	5	(1,174)	(263,545)
Net interest income		164,824	(263,190)
Fee and commission income		1,416	–
Fee and commission expense		(370)	–
Net fee and commission income	6	1,046	–
Other operating income		335	58
Total income		166,205	(263,132)
Non-staff costs	7	(7,193,841)	(3,336,660)
Staff costs including contractors	7	(9,289,464)	(5,464,866)
Total administrative expenses		(16,483,305)	(8,801,526)
Impairment charges on loans and advances to customers	8	(1,151)	–
Loss before taxation		(16,318,251)	(9,064,658)
Tax on loss	9	1,466,576	1,371,848
Loss for the financial year		(14,851,675)	(7,692,810)
Other comprehensive income		–	–
Total loss for the year		(14,851,675)	(7,692,810)

Statement of Financial Position

for the year ended 31 December 2022

		£	£
Fixed assets	Notes	2022	2021
Tangible assets	11	286,147	110,458
Current assets			
Cash and balances with central banks		9,833,288	
Loans and advances to banks		1,801,808	8,891,191
Debt securities	12	9,972,583	–
Loans and advances to customers		10,446	–
Other assets	13	3,807,507	1,406,463
Total current assets		25,425,632	10,297,654
Current liabilities			
Other liabilities	14	(1,449,973)	(542,981)
Customer deposits		(1,243,492)	–
Total current liabilities		(2,693,465)	(542,981)
Net current assets		22,732,167	9,754,673
Total assets less current liabilities		23,018,314	9,865,131
Accruals and deferred income	15	(589,981)	(307,982)
Net assets		22,428,333	9,557,149

Table continues on following page.

Statement of Financial Position

for the year ended 31 December 2022

	Notes	£ 2022	£ 2021
Capital and reserves			
Called up share capital	16	59	41
Share based reserve		1,165,489	711,032
Share premium		58,475,774	31,207,390
Accumulated losses		(37,212,989)	(22,361,314)
Shareholders' funds		22,428,333	9,557,149

The notes on pages 30-44 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2023 and were signed on its behalf by:

ANDREW MICHAELIDES (DIRECTOR)

DATE: 26 April 2023

Statement of Changes in Equity

for the year ended 31 December 2022

	Called up share capital £	Retained earnings £	Share premium £	Other reserve £	Share based reserve £	Total equity £
Unaudited balance at 1 January 2021	26	(14,668,504)	13,000,898	260,668	–	(1,406,912)
Changes in equity						
Loss for the year	–	(7,692,810)	–	–	–	(7,692,810)
Issue of share capital for cash	12	–	15,064,164	–	–	15,064,176
Conversion of Future Fund loan	3	–	3,142,328	(260,668)	–	2,881,663
Issue of share options to staff	–	–	–	–	711,032	711,032
Balance at 31 December 2021	41	(22,361,314)	31,207,390	–	711,032	9,557,149
Changes in equity						
Loss for the year	–	(14,851,675)	–	–	–	(14,851,675)
Issue of share capital for cash	18	–	27,268,384	–	–	27,268,402
Issue of share options to staff	–	–	–	–	454,457	454,457
Balance at 31 December 2022	59	(37,212,989)	58,475,774	–	1,165,489	22,428,333

Statement of Cash Flows

for the year ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Loss before taxation	(16,318,251)	(9,064,658)
Adjustments for non-cash items		
Depreciation	94,230	52,641
Impairment charge	1,151	-
Share option charge	454,457	711,032
Interest on debt securities	(116,040)	-
Interest on convertible loan	-	259,205
Net change in operating assets and liabilities:		
(Increase)/decrease in other assets	(934,468)	(232,127)
Increase/(decrease) in other liabilities	1,188,991	359,711
Movement in customer balances	1,231,895	-
R&D tax credit received	-	478,309
Net cash used in operating activities	(14,398,035)	(7,435,887)
Cashflows from investing activities		
Purchase of tangible fixed assets	(270,719)	(70,707)
Proceeds of sale of fixed assets	800	-
Purchase of debt securities	(19,976,892)	-
Sale of debt securities	10,120,349	-
Net cash from investing activities	(10,126,462)	(70,707)
Cashflows from financing activities		
Issue of shares	27,268,402	15,064,176
Net cash from financing activities	27,268,402	15,064,176
Net increase in cash and cash equivalents	2,743,905	7,557,582
Cash at beginning of year	8,891,191	1,333,609
Cash at end of year	11,635,096	8,891,191
Reconciliation of cash and cash equivalents		
Cash and balances with central banks	9,833,288	-
Loans and advances to banks	1,801,808	8,891,191
Total	11,635,096	8,891,191



Notes to the Financial Statements

for the year ended 31 December 2022

1. Accounting Policies

BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS102”) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

GOING CONCERN

The Company incurred a loss of £14.9m for 2022 (2021: £7.7m) and expects to continue to incur losses until its business is fully established.

The company is in the process of raising £10m-£15m in a Series B+ equity funding round from existing and new investors, followed later in 2023 by a Series C round of £50m-£60m. Management considers that this would be sufficient to meet its operating requirements as well as its regulatory capital requirements until at least twelve months from the date of approval of these financial statements.

The funding rounds are in their early stages, but the directors are confident that the company will successfully raise these amounts in good time.

As the status of Kroo as a going concern is dependent on securing this new equity funding, the directors are of the opinion that this matter represents a material uncertainty that may cast significant doubt upon its ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

Notwithstanding this material uncertainty, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence, fulfil its regulatory capital requirements and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing these financial statements

INTEREST INCOME AND INTEREST EXPENSE

Interest receivable and similar income on financial assets that are classified as Loans and Advances to Customers and Debt Securities, and interest payable on financial liabilities that are classified as Customer Deposits, are recognised as Interest Income and Interest Expense respectively in the Statement of Comprehensive Income, using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument to the gross carrying amount of the financial asset or liability. The effective interest rate method calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant year.

INTEREST INCOME AND INTEREST EXPENSE

Fees and commissions are recognised on an accruals basis. Fees and commissions receivable and payable are recognised when the service is provided, or when transactions are processed, on an accruals basis.

Notes to the Financial Statements

for the year ended 31 December 2022

1. Accounting Policies (continued)

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Fixtures and fittings - 10% on cost

Computer equipment - 33% on cost

FINANCIAL INSTRUMENTS

The Company follows FRS102 but has elected to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement.

The Company classifies financial assets and financial liabilities as loans and receivables, held to maturity investments or other financial liabilities, with management determining the categorisation of its investments at acquisition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans are recognised when cash is advanced to the borrowers. Loans and receivables are carried at amortised costs using the effective interest method.

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Held to maturity investments are carried at amortised cost using the effective interest method less any impairment loss.

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments and mainly comprise deposits by customers. Other financial liabilities are recognised when cash is received from depositors. Other financial liabilities are carried at amortised cost using the effective interest method.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, expire, are modified or exchanged.

Amortised Cost Measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is initially recognised at, minus principal payments, plus or minus cumulative amortisation using the effective interest method of any difference between the amount initially recognised and the maturity amount, less any impairment.

Impairment of financial assets carried at amortised cost

The Company first assesses whether objective evidence of impairment exists individually, for any individually significant financial assets, as well as collectively for any financial assets that are not individually significant.

If it is determined that there is no evidence of impairment for any individually assessed financial asset, whether individually significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics, and collectively assessed them for impairment. Assets which are individually assessed and for which impairment is recognised or continues to be recognised, are not included in the collective assessment for impairment.

When a loan is uncollectable, it is written off against the related provision for loan impairment, once the amount of the loss has been determined. Any subsequent recoveries of amounts previously written off are deducted against the charge for loan impairment in the statement of comprehensive income.

Notes to the Financial Statements

for the year ended 31 December 2022

1. Accounting Policies (continued)

TAXATION

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off in the year in which it is incurred. Applicable R&D tax credits are accounted for on this expenditure. The R&D tax credit allows the deduction of 130% of qualifying costs from the yearly profit, as well as the normal 100% deduction, to make a total of 230% deduction, which is claimed from HMRC as a 14.5% payable tax credit. R&D tax credits are recognised as an asset and income in the year in which the R&D qualifying expenditure is recognised.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

LEASING COMMITMENTS

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Notes to the Financial Statements

for the year ended 31 December 2022

2. Accounting Estimates and Judgements

The preparation of financial statements in conformity with FRS102 requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenditure.

These estimates are based on experience and various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

In preparing these financial statements the directors have made the following judgements:

Deferred tax: The Company has tax losses available to reduce future corporation tax payments. The resulting deferred tax asset is recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. The directors do not consider it appropriate to recognise

a deferred tax asset at 31 December 2022, as the Company has not sufficiently evidenced the ability to generate profits.

Share-based payments: In determining the value of share-based payments under the Company Share Option Scheme the directors have made assumptions about the volatility of the share price, the risk-free interest rate and the life of the options. These are set out in Note 20.

Impairment provisions against loans and advances: As described in Note 1 it is the Company's policy to make appropriate provision for the estimated loss when there is objective evidence that loans or advances are impaired.

Notes to the Financial Statements

for the year ended 31 December 2022

3. Directors' Emoluments

	2022 £	2021 £
Directors' salaries	352,692	285,010
Directors' fees	230,346	55,000
Directors' National Insurance contributions	60,802	38,351
Directors' defined contribution pension costs	2,642	2,638
	646,482	380,999

The highest paid director received remuneration of £197,692 (2021: £134,167).

Contributions to a defined contribution pension scheme were made on behalf of two directors. The value of the Company's contributions to a defined contribution pension scheme in respect of the highest paid director were £1,320 (2021: £1,319).

During the year 315,000 options were granted to the directors. No directors exercised any share options.

4. Interest Receivable and Similar Income

	2022 £	2021 £
Loan and advances to customers	112	-
Loan and advances to central banks	49,846	-
Debt securities	116,040	-
Other	-	355
	165,998	355

5. Interest payable and similar expenses

	2022 £	2021 £
Convertible loan interest	-	259,205
Other interest	1,174	4,340
	1,174	263,545

Notes to the Financial Statements

for the year ended 31 December 2022

6. Fees and commissions

	2022 £	2021 £
Customer debit card transaction revenue	1,046	–
	1,046	–

7. Administrative costs

The operating loss for the year is stated after charging:

	2022 £	2021 £
Non-staff costs	7,193,841	3,336,660
Staff costs, including contractor costs	9,289,464	5,464,866
	16,483,305	8,801,526

The operating loss for the year is stated after charging:

	2021 £	2020 £
Wages and salaries	6,844,993	3,351,245
National Insurance	865,326	402,309
Defined contribution pension cost	73,782	41,099
Contractors	1,118,895	921,969
Other	386,468	37,212
	9,289,464	4,753,834
Average number of employees (including directors during the year)	101	44

Notes to the Financial Statements

for the year ended 31 December 2022

8. Impairment Charges on Loans and Advances to Customers

	2022 £	2021 £
Collective Impairment charge for losses incurred but not specifically provided for	1,151	–
	1,151	–

9. Corporation Tax

ANALYSIS OF TAX CREDIT

The tax credit on the loss for the year was as follows:

	2022 £	2021 £
Current tax:		
UK Corporation Tax	(1,466,576)	(1,371,848)
Tax on loss	(1,466,576)	(1,371,848)

RECONCILIATION OF TOTAL TAX CREDIT INCLUDED IN STATEMENT OF COMPREHENSIVE INCOME

The tax assessed for the year is lower than the standard rate of Corporation Tax in the UK. The difference is explained below:

	2022 £	2021 £
Loss before tax	(16,318,251)	(9,064,658)
Tax thereon at 19% (2021: 19%)	(3,100,468)	(1,661,832)
Effects of:		
Unutilised tax losses	3,100,468	1,661,832
R&D enhanced deduction 2022	(1,466,576)	–
R&D enhanced deduction 2021	–	(893,539)
R&D enhanced deduction 2020	–	(478,309)
Total tax credit	(1,466,576)	(1,371,848)

The Company is currently taxed in the UK at a rate of 19% (2021:19%). The UK Government announced in the Budget on 3 March 2021 that the main UK corporation tax rate will increase to 25% from 1 April 2023. The Company has not recognised a deferred tax asset for tax losses carried forward in the UK totalling £34.4m (2021: £18.4m) as there is insufficient evidence of their recoverability.

Notes to the Financial Statements

for the year ended 31 December 2022

10. Auditors' Remuneration

	2022 £	2021 £
Fees payable to the Company's auditor for audit	132,000	54,000

11. Tangible Fixed Assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2022	8,935	287,472	296,407
Additions	-	270,821	270,821
Disposals	-	(8,412)	(8,412)
At 31 December 2022	8,935	549,881	558,816
Accumulated depreciation			
At 1 January 2022	3,162	182,787	185,949
Accumulated depreciation on disposals	-	(7,510)	(7,510)
Charge for the year	841	93,389	94,230
At 31 December 2022	4,003	268,666	272,669
Net book value			
At 31 December 2022	4,932	281,215	286,147
At 31 December 2021	5,773	104,685	110,458

12. Debt Securities

The debt securities held at 31 December 2022, with an amortised cost of £9,972,583 (2021: £nil) comprise UK treasury bills maturing on 13 February 2023. A total of £24,860,973 of treasury bills were acquired during 2022, of which £14,969,469 matured before 31 December 2022. The remaining treasury bills have an original cost of £9,891,504 and have accrued interest of £81,079. The 'mark-to-market' value of debt securities held at 31 December 2022 was £9,963,894.

Notes to the Financial Statements

for the year ended 31 December 2022

13. Other Assets

	2022 £	2021 £
Other debtors	2,793,580	1,113,468
Prepayments	1,013,927	292,995
	3,807,507	1,406,463

14. Other Liabilities

	2022 £	2021 £
Trade creditors	814,486	542,981
VAT	635,487	-
	1,449,973	542,981

Other liabilities include £635,487 of VAT which is payable on imported services under the reverse charge.

15. Accruals and Deferred Income

	2022 £	2021 £
Accrual and deferred income	589,981	307,982

Notes to the Financial Statements

for the year ended 31 December 2022

16. Called Up Share Capital

17,503,931 ordinary shares of £0.000001 each were allotted and fully paid during the year, for a total consideration of £27,268,455.

	2022 £	2021 £
Ordinary shares of £0.000001		
At at 1 January 2022 41,346,213 ordinary shares	41	26
Issued during the year 17,503,931 ordinary shares	18	15
As at 31 December 2022 58,850,144 ordinary shares	59	41

17. Other Financial Commitments

At 31 December 2022, the minimum rental commitments were as follows:

	2022 £	2021 £
Within one year	1,304,412	328,200
1-5 years	–	–
Over 5 years	–	–
	1,304,412	328,200

Rental payments which were included within administrative expenses during the year ended 31 December 2022 were £488,274 (2021: £315,732).

Notes to the Financial Statements

for the year ended 31 December 2022

18. Risk Management

CREDIT RISK

At 31 December 2022, the Company had exposure to borrowers in the form of unsecured overdrafts of £10,446 which are repayable on demand.

Its exposure to counterparties was as follows:

	2022 £	2021 £
Central banks rated Aa3 by Moody's	9,833,288	-
UK financial institutions rated A1 by Moody's	234,708	2,917,828
UK financial institutions not rated	1,567,100	5,973,363
Debt securities rated AA3 by Moody's	9,972,583	-
	21,607,679	8,891,191

The exposure to central banks and UK financial institutions is in the form of balances repayable on demand. The debt securities mature on 13 February 2023.

	2022 £	2021 £
Other debtors	2,793,580	1,113,468

The bulk of other debtors comprises R&D enhanced deduction receivable.

All financial instruments are measured at amortised cost and are unsecured.

LIQUIDITY RISK

At 31 December 2022 the Company had total customer deposits of £1,243,492 (2021: £60), which were in the form of current account credit balances repayable on demand. High quality liquid assets with a maturity of less than 3 months were well in excess of the outstanding deposits.

INTEREST RATE RISK

At 31 December 2022 the balances held at central banks of £9.8m were accruing interest at the Bank of England base rate while the credit balances on current accounts and advances to customers were at managed rates. The debt securities were at a fixed rate up to their maturity in February 2023 and there were no other interest-bearing assets or liabilities. Interest rate risk is managed within the risk appetite set by the Board.

Notes to the Financial Statements

for the year ended 31 December 2022

19. Capital Management

The Company manages its capital in order to ensure that it maintains appropriate financial resources to support its strategy and meet regulatory requirements.

All the Company's regulatory capital is in the form of Core Equity Tier 1 capital and stands at £22,428,333, which is equal to the shareholders' funds. This capital ratio is 95% and the regulatory requirements are met. The regulatory capital requirements are set by the Prudential Regulation Authority (PRA) under the Capital Requirements Regulation and Capital Requirements Directive, following review of the Company's own Capital Adequacy Assessment Process (ICAAP) document. The PRA sets a total capital requirement (TCR), which is in excess of the minimum Pillar 1 requirement of 8% of Risk Weighted Assets. The Company is also required to meet the minimum capital requirement of €5m set out in Article 12 of the Capital Requirements Directive.

The Company has opted to adopt the Standardised Approach to capital requirements for credit risk.

20. Share-Based Payment Transactions

All new employees receive share options when they join the Company and may be granted further share options as a reward for performing well and to incentivise them to make Kroo a success.

The share options issued are equity settled with no cash settlement options. Options typically vest evenly over four years with a one year cliff.

Kroo's expense for the share options granted to employees is recognised over the period between the grant date and the vesting date of those options. The overall cost of the option award is calculated using the number of options expected to vest and the fair value of the options at the grant date. The overall cost is recognised as a personnel expense, with a corresponding increase in share based reserves within equity, over the period that employees provide services. This is generally the period between the award being granted or notified and the vesting date of the options.

The fair value is determined using the Black-Scholes model which takes into account the terms and conditions attached to awards. Inputs into the valuation model include the risk-free rate, an estimate of the market share price and the expected volatility of the share price. The market share price is assessed using the pricing achieved in the round immediately preceding the issuances.

Kroo operates one equity share options scheme which has been approved by HMRC as a Company Share Option Plan (CSOP).

Notes to the Financial Statements

for the year ended 31 December 2022

The main assumptions used in deriving the value of the options at grant are shown below:

Valuation assumptions	Tranche 1	Tranche 2	Tranche 3
Timing	2020	2021	2022
Exercise price	£0.86	£1.05	£1.21
Share price	£1.25	£1.25	£1.57
Risk free rate	1%	1%	3%
Volatility	50%	50%	50%
Dividend yield	Nil	Nil	Nil
Expected life	4 years	4 years	4 years

The expected volatility was determined by assessing the historical volatility of listed peers and comparable private companies to obtain an estimated implied volatility. The total expense for the year ended 31 December 2022 was £454,457.

The movement in the number of options outstanding during 2022 is as follows:

	Tranche 1	Tranche 2	Tranche 3	Total	Weighted avg. exercise price
Issued or promised at 1 Jan 2022	831,775	1,484,339	-	2,316,114	£0.98
Issued or promised during 2022	27,500	12,000	1,331,750	1,371,250	£1.20
Lapsed during 2022	(64,365)	(6,875)	-	(71,240)	£0.88
Exercised during 2022	-	-	-	-	n/a
At 31 Dec 2022	794,910	1,489,464	1,331,750	3,616,124	£1.07
Recognised at 1 Jan 2022	652,141	238,039	-	890,180	£0.91
Recognised during 2022	98,614	364,064	185,563	648,241	£1.07
Lapsed during 2022	(64,365)	(6,875)	-	(71,240)	£0.88
Recognised at 31 Dec 2022	686,390	595,228	185,563	1,467,181	£0.98

Notes to the Financial Statements

for the year ended 31 December 2022

21. Related Party Transactions

During the year ended 31 December 2022, members of the Board of Directors and members of the Management Committee held personal current accounts. At 31 December 2022, net credit balances on these accounts totalled £23,885.

	2022	2021
	£	£
Net credit balances		
Directors	18,416	-
Key management personnel	5,469	-
	23,885	-
Directors' remuneration		
Directors' salaries	352,692	285,010
Pension scheme contributions	2,642	2,638
	355,334	287,648
Key management personnel remuneration		
Key management personnel salaries	675,347	489,547
Key management personnel fees	48,000	28,000
Pension scheme contributions	4,233	3,957
	727,580	521,504

22. Post Balance Sheet Events

There have been no significant events between 31 December 2022 and the date of approval of the financial statements which would require a change or additional disclosure in the financial statements.