

LOCOSOCO GROUP PLC

ANNUAL REPORT

FOR THE YEAR ENDED

31 MAY 2022

Company number: 10226386

LOCOSOCO GROUP PLC

COMPANY INFORMATION

For the year ended 31 May 2022

Company registration number:	10226386
Registered office:	8 Madeira Avenue Leigh on Sea SS9 3EB
Directors:	J L Perry S Rendell
Secretary:	Kitwell Administration Limited
Capital Market Coach:	Keswick Global AG Hoffingergasse 16/1/6 A1120 Vienna Austria
Registrars:	Avenir Registrars Ltd 5 St Johns Lane Farringdon London EC1M 4BH
Bankers:	Airwallex Floor 2, 33 Charlotte Street London W1T 1RR, United Kingdom
Solicitors:	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT
Auditor:	UHY Hacker Young (S.E.) Limited 168 Church Road Hove East Sussex BN3 2DL
Financial PR	Novus Communications Ltd 130 Fenchurch Street London EC3M 5DJ

LOCOSOCO GROUP PLC

INDEX

For the year ended 31 May 2022

INDEX	PAGE
Chairman's Statement	1
Strategic Report	2
Report of the Directors	5
Corporate Governance	8
Report on Remuneration	9
Report of the Independent Auditor	10
Consolidated Statement of Comprehensive Income	14
Consolidated Statement of Financial Position	15
Company Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Company Statement of Changes in Equity	18
Consolidated and Company Statements of Cash Flows	19
Principal Accounting Policies	20
Notes to the Financial Statements	27

LOCOSOCO GROUP PLC

CHAIRMAN'S STATEMENT

For the year ended 31 May 2022

Despite the persistent challenges of the pandemic, LocoSoco Group Plc has navigated a complex landscape to continue its work. Our turnover for this year came in at just over £100k, reflecting the broader economic difficulties.

This year has been one of consolidation and learning. We have deepened our relationships with existing partners and on-boarded new brands and retailers. The evolution of our MyEco.Site platform continues, providing community organisations with the tools to offer sustainable goods and services.

The trading environment has been challenging, with rising costs and supply chain issues impacting operations. We have had to be especially nimble in our approach, working closely with brands and retailers to test products and assess local market fit.

Our emphasis on community-based retailing remains crucial. Consumer behaviour continues to favour local and sustainable options, a trend accelerated by the pandemic. We've also expanded our offerings through partnerships with corporate clients, enabling them to offer a more diverse and sustainable product range.

Our sustainability consultancy services, developed in partnership with a global recruitment firm, have evolved to meet the needs of companies aiming to align with broader sustainability targets. We expect this to be an increasingly important aspect of our work moving forward.

In summary, the ethos that guides LocoSoco remains unchanged. We are steadfast in our commitment to sustainability and empowerment. The year ahead will focus on overcoming the challenges we've faced, consolidating our position, and identifying new opportunities that align with our mission of providing sustainable alternatives.

As we move into the next financial year, I extend my gratitude to our partners and shareholders. Your ongoing support and belief in our vision provide the foundation upon which we continue to build.

Financial Summary

The loss after tax was £200,200 in 2022 which has increased from £171,350 in 2021.

During the year the Group raised £3,732 through loans (2021: £64,738) and £437,782 through share issues as well as converting £40,000 of existing loans (2021: £Nil). Total assets increased from £258,404 in 2021 to £410,809 in 2022, and total equity increased from (£43,724) in 2021 to £233,858 in 2022.

The results for year ended 31 May 2022 reflect the costs incurred during the period to continue to build the Company's infrastructure.

I look forward to more success for LocoSoco Group Plc in my second full year as Chairman!

DocuSigned by:



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Simon Rendell

Chairman

31 October 2023

LOCOSOCO GROUP PLC

STRATEGIC REPORT

For the year ended 31 May 2022

Business model and review

The principal activity of the company is to act as the holding company of its subsidiaries. It is listed on the Vienna Börse.

LocoSoco Limited - is the trading company which principally sources, creates and introduces eco friendly products, services and technologies. It provides direct sales to larger businesses and acts as wholesaler of the eco-friendly products to retail and community businesses and on-line communities of consumers, who will be linked to the businesses supplied.

Principal risks and uncertainties

The principal risk of the business is the investment value of its subsidiaries which in turn is determined by the net assets and trading of those subsidiaries.

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and loans. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade payables, which arise directly from its operations. The Group does not enter into derivative transactions.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risk currently arising from the Group's financial instruments is liquidity risk. The Board reviews and agrees policies for managing this and other risks and these are summarised below.

Liquidity risk

The Group's cash flow has historically been constrained as the Group has developed its business proposition. As a consequence, the Board of Directors continually review the cash available to the Group and seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

Interest rate risk

The Group has not been exposed to significant interest rate risk. As the Group evolves, this exposure is likely to increase, and the Directors will introduce appropriate policies to deal with this risk at that point in time.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group reviews the credit risk of the entities with whom it enters into contractual arrangements.

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. In accordance with section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. Both the insurance and the indemnities applied throughout the financial year ended 31 May 2020 and through to the date of this report.

LOCOSOCO GROUP PLC

STRATEGIC REPORT

For the year ended 31 May 2022

Going concern

In accordance with their responsibilities, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements.

The directors have identified the following material uncertainties that relate to events or conditions that may cast significant doubt upon the group's ability to continue to adopt the going concern basis of accounting:

The group incurred a loss of £200,200 for the year ended 31 May 2022, resulting in accumulated losses of £1,225,574.

The group is reliant on investor financing to get them to a cash flow positive state and the Company is exploring options at present.

The uncertainties created by Covid-19.

The directors have made an assessment of the group's ability to continue as a going concern, which included the current uncertainties created by Covid-19. For this purpose, the directors have considered the adequacy of the group's cash resources covering the period 12 months ahead of the approval of these financial statements.

The directors have reasonable expectations that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing these financial statements.

Results and dividends

The loss for the year, before tax, amounted to £227,319 in 2022. The directors have not recommended a dividend. (2021: £Nil).

Financial key performance indicators

The financial key performance indicators for the group and company are those of its subsidiaries, being turnover, gross margin and pre-tax profit. These can be found in the financial statements of these subsidiaries.

The non-financial key performance indicators for the group, once it is fully trading, will be the number of retail and community businesses signed up, the number of on-line consumers linked to those businesses and the average spend of those consumers.

Future developments

Plans for 2022 are to grow our partners with retailers and retail groups, businesses, schools, along with recruiting further advisors across sectors and build relations with more product, service and technology partners that have innovative ways to contribute to sustainability goals.

LocoSoco will develop offerings under the group to enhance the onboarding for the communities they work with and increase their ability to deliver services to a wide customer base.

LocoSoco are further building the team of partners, Non-Executive Directors, Influencers and Sales Teams along with recruiting commission only sales staff.

LOCOSOCO GROUP PLC

STRATEGIC REPORT

For the year ended 31 May 2022

With the foundations LocoSoco continue to build upon in 2022 we are excited by the opportunities ahead to drive shareholder value whilst contributing to the sustainable development goals in a way that creates shared wealth. The goal is to build up our equity position in new companies that we provide route to market services for along with embracing new service partners.


Companies Act s172 Statement

This section serves as our s172 statement and should be read in conjunction with the whole Strategic Report.

s172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders including the impact of its activities on the community, the environment and the Company's reputation when making decisions. Acting in good faith and fairly between members the Directors consider what is most likely to promote the success of the Company for its members long term.

Within the Chairman's Statement, Statement of Corporate Governance and on our website we describe how the Board operates and the culture of the business. Our principle stakeholders are engaged with on a regular basis.

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James Perry
Chief Executive
31 October 2023

LOCOSOCO GROUP PLC**DIRECTORS REPORT**

For the year ended 31 May 2022

The Directors present their annual report together with the audited financial statements of LocoSoco Group plc (“LocoSoco”) and its subsidiaries (the “Group”) for the year ended 31 May 2022.

Directors

The current membership of the Board and those directors who served during the year is set out below.

J L Perry
S Rendell

Directors' shareholdings	Number of ordinary shares of 1p each held at 31 May 2022	Percentage of issued ordinary share capital
James Perry*	6,544,060	38.37
Simon Rendell	250,000	1.47

*Includes 9,500 shares held by family members

Matters covered in the Group's Strategic Report

The principal risks and uncertainties, future developments and going concern have been included in the Group's Strategic Report.

Substantial shareholdings

Interests in excess of 3% of the issued share capital of the Company, which had been notified as at 31 May 2022, are as follows:

	Number of ordinary shares of 1p each	Percentage of issued ordinary share capital
James Perry	6,534,560	38.31
JIM Nominees Ltd	2,972,380	17.43
Vidacos Nominees Limited	2,775,773	16.28
Level 7 Holdings Corporation	761,451	4.46
Lynchwood Nominees Limited	704,697	4.13
Mr Abdul Ibrahim	560,000	3.28

Biographical details of Directors**Simon Rendell**

A consultant at law firm Fieldfisher LLP for the last year, He was previously managing partner of Osborne Clarke which he joined in 1996 as a Partner and in 2005 spent eight months working as UK Interim Legal Director at Vodafone. He has more than twenty-five years' experience advising digital business clients on all aspects of their operations, delivering corporate and commercial advice covering everything from legal strategies for business growth through to the exploitation of intellectual property.

LOCOSOCO GROUP PLC

DIRECTORS REPORT

For the year ended 31 May 2022

Many of the clients he has acted for are based overseas, so a large proportion of his work has been cross-border. He has acted for businesses including Yahoo!, EE, Electronic Arts and VeriSign, and has worked with Facebook on its international growth, having advised on its expansion into 10 new jurisdictions in recent years. He is also a recognised expert in the mobile payments arena.

Simon qualified as a lawyer in 1986 and has previously served as a non-executive director of several technology companies.

Simon is currently also Chairman of Pretty Green Limited, uCreate Limited, Ocean Boulevard Limited, Licklist Limited and London Intellectual Property Exchange Limited. Non-exec director of Helecloud Limited. With his many years of experience in multinational corporations

James Perry

A senior member of the Social Enterprise International team which was founded in the 1990's, James started his career in corporate banking at the age of 17 and worked his way into financial markets at 19. Having developed a number of efficient tools for a large bank including an invoicing system that reduced workload by 80% and a new way to fund debt positions in distressed markets, James, at 22, with an urge to be his own boss, ventured into the entrepreneurial world and started his own technology marketing agency.

Having self-taught most of his programming skills, James has a passion and desire to change help better manage the resources we collectively have whilst creating a more efficient approach to consumption in order to help reduce waste and create a business that profits from creating assets for others.

Over the last 10 years, James has helped small businesses to get off the ground, whilst working with and representing dozens of global brands. James has been delivering marketing events and technology for brands whilst in the process, building a network of friends and business partners working in a broad variety of industries and sharing a common view of the way that business and community will evolve.

Directors' Indemnity Provisions

The Company has provided qualifying third party indemnity provisions in respect of the directors who were in force during the period and at the date of the report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under this law the Directors have to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice "United Kingdom Accounting Standards and applicable laws", including FRS 101, 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 and profit or loss of the Group and the Company for that period. In preparing these financial statements, the Directors are required to:

LOCOSOCO GROUP PLC

DIRECTORS REPORT

For the year ended 31 May 2022

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor and Annual General Meeting

UHY Hacker Young (S.E.) Limited offer themselves for reappointment as auditors in accordance with section 489(4) of the Companies Act 2006. A resolution to reappoint UHY Hacker Young (S.E.) Limited will be proposed at the forthcoming Annual General Meeting.

Approval by and signature on behalf of the board

DocuSigned by:

James Perry

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James Perry
Chief Executive
31 October 2023

LOCOSOCO GROUP PLC

CORPORATE GOVERNANCE

For the year ended 31 May 2022

We are not required to comply with the UK Corporate Governance Code and at this time, given the current nature and scope of the Group's operations, do not comply with the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the Group and best practice.

Directors

The Group supports the concept of an effective board leading and controlling the Group. The Board is responsible for approving Group policy and strategy. It meets on a regular basis and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professional advice at the Group's expense.

The Board consists of two Directors, who bring a breadth of experience and knowledge and will be enhanced by additional appointments as the Group expands. The structure of the Board is intended to provide a balance whereby the Board's decision making cannot be dominated by any one individual.

Relations with shareholders

The Group values the views of its shareholders and recognises their interest in the Group's strategy and performance. The Annual General Meeting will be used to communicate with private investors and they are encouraged to participate. A number of the Directors will be available to answer questions. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts.

Internal control

The Board is responsible for maintaining a strong system of internal controls to safeguard shareholders' investment and the Group's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. Due to the size of the Board the duties of the Audit Committee, Remuneration Committee and Nominations Committee are carried out by the Board as a whole.

The Board has considered the need for an internal audit function but has decided that the size of the Group does not justify it at present. The Group will, however, keep this under annual review.

LOCOSOCO GROUP PLC**REPORT ON REMUNERATION**

For the year ended 31 May 2022

Policy on Directors' remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Group's position and to reward Directors for enhancing shareholder value and return. The Board aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary. The remuneration will also reflect the Directors' responsibilities and contain incentives to deliver the Group's objectives.

The remuneration of the Directors was as follows:

	£	£	£
Short-term employment benefits:	James Perry	Simon Rendell	Total
Year to 31.05.2022			
Salary and fees	26,008	-	26,008
Total	26,008	-	26,008
Year to 31.05.2021			
Salary and fees	7,145	-	7,145
Total	7,145	-	7,145

Pensions

During the two years, the Group made no pension contributions on behalf of the Directors.

Notice periods of the Directors

The Directors' contracts are terminable on three months' notice on either side.

LOCOSOCO GROUP PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCOSOCO GROUP PLC *(continued)*

YEAR ENDED 31 MAY 2022

Opinion

We have audited the financial statements of LocoSoco Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2022 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group's financial statements is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 are independent of the group 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

Emphasis of matter - material uncertainty related to going concern

We draw attention to the going concern section of the principal accounting policies of the group financial statements where the directors have identified a number of material uncertainties, namely that the group incurred a loss for the year ended 31 May 2022 of £200,200 the group had accumulated losses of £1,225,574 as at 31 May 2022, the group is dependent upon continuing further investment and financial support to implement its business plan.

The Wiener Börse has notified the group that it will be delisted on 20 November 2023. Once the financial statements have been approved and signed, the directors plan to seek relisting. Successful relisting is required for access to future funding to continue as a going concern.

The directors have been in talks with various businesses regarding mergers with the LocoSoco Group Plc business, we have not been provided with this information.

These factors constitute material uncertainties that cast significant doubt upon the group's and the parent company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

LOCOSOCO GROUP PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCOSOCO GROUP PLC *(continued)*

YEAR ENDED 31 MAY 2022

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work 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.

Opinions on other matters prescribed by the Companies Act 2006

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

LOCOSOCO GROUP PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCOSOCO GROUP PLC (*continued*)

YEAR ENDED 31 MAY 2022

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 group's and the parent 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 group or the parent 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.

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

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

LOCOSOCO GROUP PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCOSOCO GROUP PLC *(continued)*

YEAR ENDED 31 MAY 2022

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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:

Charles Homan

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Charles Homan (Senior Statutory Auditor)

For and on behalf of
UHY Hacker Young (S.E.) Limited
Chartered Accountants & Statutory Auditors
168 Church Road
Hove
East Sussex
BN3 2DL

Date: 31 October 2023

LOCOSOCO GROUP PLC**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 May 2022

	<i>Notes</i>	2022 £	2021 £
Revenue		105,755	180,118
Cost of sales		(101,703)	(137,583)
Gross Profit		<u>4,052</u>	<u>42,535</u>
Amortisation	7	(23,011)	(23,011)
Administrative expenses		(284,828)	(214,606)
Other operating income		76,513	8,043
Loss from operations		<u>(227,274)</u>	<u>(187,039)</u>
Finance income		111	-
Finance cost		(156)	(125)
Loss before taxation	3	(227,319)	(187,164)
Taxation	4	27,119	15,814
Loss and comprehensive loss after taxation, and loss attributable to the equity holders of the Company		<u>(200,200)</u>	<u>(171,350)</u>
Loss per share			
Basic and diluted loss per share (pence)	5	<u>(1.41)</u>	<u>(1.24)</u>

The accompanying principal accounting policies and notes form an integral part of the financial statements.

LOCOSOCO GROUP PLC**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 31 May 2022

	Notes	2022 £	2021 £
ASSETS			
Non-current			
Intangible assets	7	161,077	184,088
Property, plant and equipment	9	804	2,132
		<u>161,881</u>	<u>186,220</u>
Current			
Inventories		32,388	37,762
Trade and other receivables	10	211,977	14,143
Cash and cash equivalents		4,563	20,279
Total current assets		<u>248,928</u>	<u>72,184</u>
Total assets		<u>410,809</u>	<u>258,404</u>
LIABILITIES			
Current			
Trade and other payables	11	148,481	237,390
Total current liabilities		<u>148,481</u>	<u>237,390</u>
Liabilities due after one year			
Loans		28,470	64,738
Total liabilities		<u>176,951</u>	<u>302,128</u>
EQUITY			
Issued share capital	13	170,549	138,638
Share premium		1,324,981	879,110
Merger reserve		(36,098)	(36,098)
Retained earnings		(1,225,574)	(1,025,374)
Total equity		<u>233,858</u>	<u>(43,724)</u>
Total equity and liabilities		<u>410,809</u>	<u>258,404</u>

The consolidated financial statements were approved by the Board and authorised for issue on 31 October 2023.

DocuSigned by:

James Perry

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James Perry

Director

31 October 2023

Company number: 10226386

The accompanying principal accounting policies and notes form an integral part of the financial statements.

LOCOSOCO GROUP PLC

COMPANY STATEMENT OF FINANCIAL POSITION

At 31 May 2022

		2022	2021
ASSETS	<i>Notes</i>	£	£
Non-current			
Investment in subsidiary	8	<u>103,513</u>	103,513
		<u>103,513</u>	103,513
Current			
Trade and other receivables	10	914,150	530,567
Cash and cash equivalents		<u>-</u>	15,961
Total current assets		914,150	546,528
Total assets		<u>1,017,663</u>	<u>650,041</u>
LIABILITIES			
Current			
Trade and other payables	11	<u>76,939</u>	97,710
Total current liabilities		76,939	97,710
Liabilities due after one year			
Loans		<u>-</u>	40,000
Total liabilities		76,939	137,710
EQUITY			
Issued share capital	13	170,549	138,638
Share premium		1,324,981	879,110
Retained earnings		<u>(554,806)</u>	(505,417)
Total equity		<u>940,724</u>	<u>512,331</u>
Total equity and liabilities		<u>1,017,663</u>	<u>650,041</u>

The Company's loss for the year was £49,389 (year ended 31 May 2021: loss £46,751).

The Company financial statements were approved by the Board and authorised for issue on 31 October 2023.

DocuSigned by:

James Perry

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James Perry

Director

31 October 2023

Company number: 10226386

The accompanying principal accounting policies and notes form an integral part of the financial statements.

LOCOSOCO GROUP PLC**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 May 2022

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total equity £
Balance at 1 June 2020	138,638	879,110	(36,098)	(854,024)	127,626
Issue of share capital	-	-	-	-	-
Transactions with owners	-	-	-	-	-
Loss for the year	-	-	-	(171,350)	(171,350)
Total comprehensive loss for the period	-	-	-	(171,350)	(171,350)
Balance at 31 May 2021	138,638	879,110	(36,098)	(1,025,374)	(43,724)
Issue of share capital	31,911	445,871	-	-	477,782
Transactions with owners	31,911	445,871	-	-	477,782
Loss for the period	-	-	-	(200,200)	(200,200)
Total comprehensive loss for the period	-	-	-	(200,200)	(200,200)
Balance at 31 May 2022	170,549	1,324,981	(36,098)	(1,225,574)	233,858

The accompanying principal accounting policies and notes form an integral part of the financial statements.

LOCOSOCO GROUP PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 May 2022

	Share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
Balance at 1 June 2020	138,638	879,110	(458,666)	559,082
Issue of share capital	-	-	-	-
Transactions with owners	-	-	-	-
Loss for the period	-	-	(46,751)	(46,751)
Total comprehensive loss for the period	-	-	(46,751)	(46,751)
Balance at 31 May 2021	138,638	879,110	(505,417)	512,331
Issue of share capital	31,911	445,871	-	477,782
Transactions with owners	31,911	445,871	-	477,782
Loss for the period	-	-	(49,389)	(49,389)
Total comprehensive loss for the period	-	-	(49,389)	(49,389)
Balance at 31 May 2022	170,549	1,324,981	(554,806)	940,724

The accompanying principal accounting policies and notes form an integral part of the financial statements.

LOCOSOCO GROUP PLC**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 May 2022

	Group	
	2022	2021
	£	£
Cash flow from operating activities		
Continuing operations		
Loss after taxation	(200,200)	(171,350)
Depreciation	1,444	1,189
Amortisation	23,011	23,011
Finance costs	(156)	(125)
Increase in inventories	5,374	(9,759)
Increase in trade and other receivables	(197,834)	6,496
Decrease in trade and other payables	(88,909)	51,433
Net cash outflow from operating activities	<u>(457,270)</u>	<u>(99,105)</u>
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(116)	(2,714)
Net cash outflow from investing activities	<u>(116)</u>	<u>(2,714)</u>
Cash flows from financing activities		
Finance costs	156	125
Loans received	3,732	64,738
Proceeds from issue of share capital	437,782	-
Net cash inflow from financing activities	<u>441,670</u>	<u>64,863</u>
Net change in cash and cash equivalents	(15,716)	(36,956)
Cash and cash equivalents at beginning of period	<u>20,279</u>	<u>57,235</u>
Cash and cash equivalents at end of period	<u><u>4,563</u></u>	<u><u>20,279</u></u>

The accompanying principal accounting policies and notes form an integral part of the financial statements.

LOCOSOCO GROUP PLC

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 May 2022

GENERAL INFORMATION

The Company is a public company limited by shares and registered in England and Wales. The address of the registered office is 8 Madeira Avenue, Leigh on Sea, England, SS9 3EB.

BASIS OF PREPARATION

The Group and Company financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), and in accordance with the Companies Act 2006. The Company accounts have also adopted the following disclosure exemptions as it meets the definition of a qualifying entity due to the disclosures being made in the consolidated financial statements:

- the requirement to present a statement of cash flows and related notes
- the requirement to disclose key management personnel compensation
- the requirement to disclose share based payment information
- the requirement to disclose financial instruments

The Company's ordinary shares are quoted on the Vienna Börse. The Company applies the Companies Act 2006 when preparing its annual financial statements.

The Group and Company financial statements have been prepared under IFRS and the principal accounting policies adopted remain unchanged from those adopted by the Group in preparing its financial statements for the prior year.

The financial statements are prepared in sterling, which is the functional currency of the entity.

GOING CONCERN

In accordance with their responsibilities, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements.

The directors have identified the following material uncertainties that relate to events or conditions that may cast significant doubt upon the group's ability to continue to adopt the going concern basis of accounting:

The group incurred a loss of £200,200 for the year ended 31 May 2022, resulting in accumulated losses of £1,225,574.

The group is reliant on investor financing to get them to a cash flow positive state and the Company is exploring options at present.

The uncertainties created by Covid-19.

The directors have made an assessment of the group's ability to continue as a going concern, which included the current uncertainties created by Covid-19. For this purpose, the directors have considered the adequacy of the group's cash resources covering the period 12 months ahead of the approval of these financial statements.

The directors have reasonable expectations that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing these financial statements.

LOCOSOCO GROUP PLC

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 May 2022

BASIS OF CONSOLIDATION

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to the statement of financial position date. Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group has power over the investee, has the right to variable returns from the investee and has the power to affect its returns. The Group obtains and exercises control through voting rights and control is reassessed if there are indications that the status of any of the three elements have changed.

Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

INVESTMENTS

Investments in subsidiary undertakings in the Company accounts are recorded at cost less provision for impairment as described in the impairment policy below.

REVENUE

Revenue represents the total value, excluding taxes, of income receivable from product sales. Revenue is recognised as the products are delivered or services are provided. IFRS 15 – Contracts with customers has been adopted in these financial statements. Delivery does not occur until the products have been shipped to the specific location and accepted by the customer. Revenue is adjusted for the value of expected returns.

TAXATION

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the statement of financial position date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the consolidated statement of comprehensive income.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, in accordance with IAS12 no deferred tax is recognised on the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. This also applies to temporary differences associated with shares in subsidiaries if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the consolidated statement of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to other comprehensive income or equity are charged or credited directly to other comprehensive income or equity.

IMPAIRMENT TESTING OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Once fair values in respect of business combinations have been finalised, for the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows

LOCOSOCO GROUP PLC

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 May 2022

(cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at cash-generating unit level.

Intangible assets with an indefinite useful life and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in profit and loss in the statement of comprehensive income, for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

An impairment loss on other assets is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation if no impairment loss had been recognised.

INTANGIBLE ASSETS

The development cost of the Cloud Platform operating system charged by the third-party developer is recognised as an intangible asset.

Once the initial development had been completed and the Cloud Platform was operational amortisation is charged to write off the cost or valuation of the asset in equal annual instalments over its estimated economic life of 10 years.

The intangible asset is reviewed for impairment on an annual basis for events or changes in circumstances that indicate that the carrying value might be impaired. The intangible asset is stated at cost less accumulated amortisation and any impairment losses.

PROPERTY, PLANT AND EQUIPMENT

Measurement bases

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred. When assets are sold, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is included in the consolidated statement of comprehensive income.

Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment, less its estimated residual value, which is revised annually, over its useful economic life on a straight-line basis as follows:

Plant and equipment: 2 years

LOCOSOCO GROUP PLC

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 May 2022

INVENTORIES

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

FINANCIAL ASSETS

The Group's financial assets comprise cash and trade and other receivables.

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- loans and receivables at amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements would apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

LOCOSOCO GROUP PLC

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 May 2022

Impairment of financial assets

The Group considers trade and other receivables individually in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand, bank deposits repayable on demand, and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, less advances from banks repayable within three months from the date of advance if the advance forms part of the Group's cash management.

EQUITY

Share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Merger reserves comprise the amounts arising on the merger.

Retained earnings include all current and prior periods results as disclosed in the consolidated statement of comprehensive income.

FINANCIAL LIABILITIES

The Group's financial liabilities comprise trade and other payables and loans payable.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the statement of comprehensive income using the effective interest method.

Trade and other payables are recognised initially at fair value, net of direct issue costs, and are subsequently recorded at amortised cost using the effective interest method with interest related charges recognised as an expense in the statement of comprehensive income.

Loans payable are recognised initially at fair value, net of direct issue costs and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the statement of comprehensive income on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. There are currently no financial liabilities held at "fair value through profit or loss".

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of comprehensive income.

LEASES

The Group has adopted IFRS16 "Leases". Leases are recorded in the statement of financial position in the form of a right-of-use asset and a lease liability, with the exception of assets of low value and short-term leases of less than

LOCOSOCO GROUP PLC

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 May 2022

12 months, whereby the group has taken the practical expedient to not capitalise a right-of-use asset and recognise a lease liability but instead charge to the statement of comprehensive income (net of any incentives received from the lessor) on a straight-line basis over the period of the lease.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset was available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

PROVISIONS

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

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

EMPLOYEE COMPENSATION

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

FOREIGN CURRENCIES

These financial statements are presented in UK Pounds Sterling which is the functional currency of the Company. The group carries out transactions in United States dollars and Euros.

LOCOSOCO GROUP PLC**PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 May 2022

Monetary 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 the transaction. Exchange differences are taken into account in arriving at the operating profit or loss.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The critical accounting judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current and next accounting year are discussed below:

- (i) Fair value measurement of financial assets - intangible asset, £230,110, see note 7. The fair value has been determined according to a cost based approach. The intangible asset has been reviewed for impairment using forecast cash flows and the directors have concluded that no impairment is necessary. The intangible asset is being amortised over 10 years being the expected economic life of the platform.

Adoption of new or amended IFRS

The Directors anticipate that the adoption of new standards which are in issue but not yet effective and have not been adopted early by the Group will be relevant to the group but will not result in significant changes to the Group's accounting policies.

New standards, amendments and interpretations adopted by the Group

The group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 June 2021:

- Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021
- Annual Improvements to IFRS Standards 2018-2020 Cycle

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are not yet effective for annual periods ending 31 May 2022 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

New Standards	Effective Date
- Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
- Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
- Amendments to IAS 12: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
- Amendments to IFRS 17 Insurance: Insurance contracts	1 January 2023

Due to the limited operations at present, the Company does not believe that the other new standards will have a significant impact.

LOCOSOCO GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 May 2022

1 SEGMENTAL REPORTING

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about the allocation of resources and an assessment of performance and about which discrete financial information is available.

The Board considers that the Group comprises only one operating segment, that of provision of information technology services.

The Group currently has only one geographical segment being the UK and all assets arise in the UK.

2 FINANCE INCOME AND EXPENSE

	Group		Company	
	2022	2021	2022	2021
	£	£		£
Finance income				
Interest receivable	111	-	-	-
	111	-	-	-
Finance costs				
Loan interest	156	43	-	-
HMRC interest	-	82	-	82
	156	125	-	82

3 LOSS BEFORE TAXATION

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's loss for the year was £49,389 (year ended 31 May 2021: £46,751).

The loss before taxation is attributable to the principal activities of the Group.

The loss before taxation of the Group is stated after charging:

	Group	
	2022	2021
	£	£
Staff costs	100,396	7,145
Depreciation of owned property, plant and equipment	1,444	1,189
Fees payable to the Company's auditor for the audit of the financial statements	14,000	16,000

LOCOSOCO GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 May 2022

4 TAXATION

The group has an unrecognised deferred tax asset of £85,289 (2021: £50,390) in respect of unused tax losses. Research & Development tax credits for 2022 have yet to be determined.

The tax assessed for the period differs from the standard rate of corporation tax in the UK as follows:

	2022	2021
	£	£
Loss before taxation	<u>(227,319)</u>	<u>(187,164)</u>
Loss multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(43,191)	(35,561)
Effect of:		
Expenses not deductible for tax purposes	8,040	4,372
Depreciation in excess of capital allowances	252	(290)
Other adjustments	-	-
Unrelieved tax losses	34,899	31,479
Research & Development rebate	<u>27,119</u>	<u>15,814</u>
Total tax charge for year	<u>27,119</u>	<u>15,814</u>

5 LOSS PER SHARE

The calculation of the consolidated basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

	Group	
	2022	2021
	£	£
Loss attributable to owners of the Company after tax	<u>(200,200)</u>	<u>(171,350)</u>
	2022	2021
	Number	Number
Weighted average number of ordinary shares for calculating basic loss per share	<u>14,200,750</u>	<u>13,863,733</u>
	2022	2021
	Pence	Pence
Basic and diluted loss per share	<u>(1.41)</u>	<u>(1.24)</u>

There are 1,950,000 warrants outstanding as at 31 May 2022 (2021: 1,950,000), as detailed in note 12. Their effect is anti-dilutive, but is potentially dilutive against future profits.

LOCOSOCO GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2022

6 EMPLOYEE BENEFIT EXPENSE

	Group	
	2022	2021
	£	£
Wages and salaries	100,396	7,145
Social security	-	-
Pension contributions	-	-
Total emoluments	100,396	7,145
Average monthly number of employees		
	2022	2021
	No.	No.
Directors	2	2
Other	8	-
	10	2

The Directors are the key management personnel of the Group. Details of Directors' remuneration are included in the report on remuneration on page 12.

7 INTANGIBLE ASSETS**Group**

	On-line platform operating system
	£
Cost	
At 1 June 2020	230,110
Additions	-
At 31 May 2021	230,110
Additions	-
At 31 May 2022	230,110
Amortisation and impairment	
At 31 May 2020	23,011
Charge for the year	23,011
At 31 May 2021	46,022
Charge for the year	23,011
At 31 May 2022	69,033
Net book value	
At 31 May 2022	161,077
At 31 May 2021	184,088
At 31 May 2020	207,099

LOCOSOCO GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 May 2022

8 INVESTMENTS**Company**

In June 2016, the company acquired the entire share capital of LocoSoco Limited, a company registered in England & Wales, in a share for share exchange. LocoSoco Limited's principal activity is the provision of information technology services.

9 PROPERTY, PLANT & EQUIPMENT**Group****Plant and Equipment**
£**Cost**

At 31 May 2020	16,184
Additions	2,714
At 31 May 2021	18,898
Additions	116
Cost at 31 May 2022	19,014

Depreciation

At 31 May 2020	15,577
Charge for the year	1,189
At 31 May 2021	16,766
Charge for the year	1,444
At 31 May 2022	18,210

Net book value

At 31 May 2022	804
At 31 May 2021	2,132
At 31 May 2020	607

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Current				
Trade receivables	5,450	3,505	-	-
Other receivables	196,471	4,888	168,404	-
Due from subsidiaries	-	-	736,240	526,367
Prepayments and accrued income	10,056	5,750	9,506	4,200
Trade and other receivables	211,977	14,143	914,150	530,567

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

LOCOSOCO GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 May 2022

11 TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade payables	59,210	116,522	-	2,689
Social security and other taxes	1,722	-	-	-
Other payables	517	22,017	517	15,517
Loans	1,956	-	-	-
Accruals and deferred income	85,076	98,851	76,422	79,504
	<u>148,481</u>	<u>237,390</u>	<u>76,939</u>	<u>97,710</u>

12 WARRANTS

At the time of listing on 12 February 2019 the group issued 3,500,000 warrants to Simon Rendell and service providers at an exercise price of 25p each. Of these 3,000,000 vested on admission and expire ten years after grant, and 500,000 vested 6 months after admission and expire five years after grant. The movement in the warrants is shown below.

	2022		2021	
	Number	WAEP	Number	WAEP
		£		£
Outstanding at the beginning of the year	1,950,000	0.25	1,950,000	0.25
Outstanding at the end of the year	<u>1,950,000</u>	<u>0.25</u>	<u>1,950,000</u>	<u>0.25</u>

13 SHARE CAPITAL (GROUP AND COMPANY)

	2022	2021
	£	£
Allotted, issued and fully paid		
17,054,844 ordinary shares of 1p (2021: 13,863,733)	170,548	138,637
	<u>170,548</u>	<u>138,637</u>

There were 17,054,844 Ordinary Shares in issue (each of which are voting shares) as at 31 May 2022. The ordinary shares are voting shares and carry the right for the holder to receive notice of, and attend meetings of the Company, the holder has the right to receive dividends.

14 LEASES

The Group leased a printer for a term of five years from May 2020. The Group also leases a vehicle on a short-term contract. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

In 2022 the Group recognised the following amounts in respect of leases:

Expense relating to short term leases (included within other administrative expenses) £1,555 (2021: £1,555). The total cash outflow in respect of leases was £849 (2021: £849).

LOCOSOCO GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 May 2022

15 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES**Financial assets by category**

The IFRS 9 categories of financial asset included in the consolidated and company statements of financial position and the headings in which they are included are as follows:

Group

	2022			2021		
	Receivables held at amortised cost	Non financial assets	Statement of Financial position total	Receivables held at amortised cost	Non financial assets	Statement of financial position total
	£	£	£	£	£	£
Trade and other receivables	201,921	10,056	211,977	8,393	5,750	14,143
Cash and cash equivalents	4,563	-	4,563	20,279	-	20,279
Total	206,484	10,056	216,540	28,672	5,750	34,422

Company

	2022			2021		
	Loans and receivables	Non financial assets	Statement of Financial position total	Loans and receivables	Non financial assets	Statement of financial position total
	£	£	£	£	£	£
Trade and other receivables	736,240	9,506	745,746	526,367	4,200	530,567
Cash and cash equivalents	-	-	-	15,961	-	15,961
Total	736,240	9,506	745,746	542,328	4,200	546,528

LOCOSOCO GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 May 2022

14 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)**Financial liabilities by category**

The IFRS 9 categories of financial liability included in the consolidated and company statements of financial position and the headings in which they are included are as follows:

Group

	2022				2021			
	Other financial liabilities at amortised cost	Liabilities carried at fair value	Liabilities not within the scope of IFRS 9	Total	Other financial liabilities at amortised cost	Liabilities carried at fair value	Liabilities not within the scope of IFRS 9	Total
	£	£	£	£	£	£	£	£
Trade payables	59,210	-	-	59,210	116,522	-	-	16,522
Social Security and other taxes	-	-	1,722	1,722	-	-	-	-
Other payables	517	-	-	517	22,017	-	-	22,017
Loans	30,426	-	-	30,426	64,738	-	-	64,738
Accruals and deferred income	85,076	-	-	85,076	98,851	-	-	98,851
Total	175,229	-	1,722	176,951	302,128	-	-	302,128

Company

	2022				2021			
	Other financial liabilities at amortised cost	Liabilities carried at fair value	Liabilities not within the scope of IAS 39	Total	Other financial liabilities at amortised cost	Liabilities carried at fair value	Liabilities not within the scope of IAS 39	Total
	£	£	£	£	£	£	£	£
Trade payables	-	-	-	-	2,689	-	-	2,689
Other payables	517	-	-	517	15,517	-	-	15,517
Loans	-	-	-	-	40,000	-	-	40,000
Accruals and deferred income	76,422	-	-	76,422	79,504	-	-	79,504
Total	76,939	-	-	76,939	137,710	-	-	137,710

The financial statements include an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The categories are set out below.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

LOCOSOCO GROUP PLC**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 May 2022

14 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Credit risk

The Group and Company's principal financial assets are cash balances and other receivables. The Group considers trade and other receivables individually in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group and Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the consolidated and company statements of financial position date, as summarised below:

Group

	2022	2021
	£	£
Trade and other receivables	201,921	8,393
Total	201,921	8,393

Company

	2022	2021
	£	£
Trade and other receivables	736,240	526,367
Total	736,240	526,367

None of the amounts included in trade and other receivables are past due or considered to be impaired (2021: £nil).

Liquidity risk

The Group and Company seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Maturity of financial liabilities

The Group's financial liabilities are trade and other payables, accruals and deferred income and loans. All are due within one year.

Foreign exchange risk

The Group has negligible foreign exchange risk at present. The Group does not have a policy to hedge arrangements but will continue to keep this under review.

LOCOSOCO GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2022

14 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for the shareholders and can continue to progress its strategy;
- to support the Group's stability and growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group monitors capital on the basis of the carrying amount of equity and cash and cash equivalents as presented on the face of the statement of the financial position.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The management regards total equity as capital and reserves, for capital management purposes.

15 RELATED PARTY TRANSACTIONS

At 31 May 2022 the following amounts were owed to directors in respect of unpaid salaries, J Perry £42,095 (2021: £42,095) and S Rendell £11,000 (2021: £11,000). Additionally, £736,240 (2021: £526,367) was owed to LocoSoco Group plc by LocoSoco Ltd.

Total remuneration of key management during the year was £26,008 (2021: £7,145).

16 ULTIMATE CONTROLLING PARTY

The Company has no ultimate controlling party.