investment evolution

Investment Evolution Corporation and its Subsidiaries
(Registration number 217938)
Consolidated and Separate Financial Statements
for the year ended 31 December 2021

General Information

Country of incorporation and domicile	Seychelles
Nature of business and principal activities	Investment Evolution Corporation was established in the Seychelles under the International Business Companies Act, to hold and facilitate investments in the consumer finance industry. The Company was publicly listed on MERJ Exchange Limited in February 2020.
Directors	Sameer Prasad Andrew Cassar Glendys Aguilera
Registered office	105 First Floor Waterside Property Eden Island Seychelles
Business address	106 First Floor Waterside Property Eden Island Seychelles
Auditors	PKF Octagon Inc. Chartered Accountants Registered Auditors
Secretary	Andrew Cassar
Company registration number	217938
Level of assurance	These consolidated and separate financial statements have been audited in compliance with the applicable requirements of the International Business Companies Act of 2016.
Issued	12 April 2022
Date of incorporation	8 January 2020

Contents

Level of assurance

These consolidated and separate financial statements have been audited in compliance with the applicable requirements of the International Business Companies Act of 2016.

Published

12 April 2022

Directors' Responsibilities and Approval

The directors are required in terms of the International Business Companies Act of 2016 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated and separate financial statements.

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 December 2022 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the group's external auditors and their report is presented on pages 7 to 9.

The consolidated and separate financial statements set out on pages 10 to 43, which have been prepared on the going concern basis, were approved by the directors on 12 April 2022 and were signed by:

Approval of financial statements

Sameer Prasad	**Andrew Cassar**
Glendys Aguilera	
Glendys Aguilera	

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate financial statements of Investment Evolution Corporation and its Subsidiaries and the group for the year ended 31 December 2021.

1. Incorporation

The company was incorporated on 8 January 2020 and obtained its certificate to commence business on the same day.

2. Nature of business

Investment Evolution Corporation (Seychelles) is an investment entity incorporated in Seychelles with interests in the consumer finance industry. The company does not trade, and all of its activities are undertaken through its principal subsidiaries. The group operates in Seychelles, United States and Europe.

Investment Evolution Corporation (Seychelles) was established in the Seychelles under the IBC Act, to hold and facilitate investments in the consumer finance industry and acts as the ultimate holding company. The company was publicly listed on MERJ Exchange Ltd. in February 2020.

Investment Evolution Ltd. is a subsidiary of Investment Evolution Corporation (Seychelles) and acts as a holding company. Investment Evolution Ltd. holds the shares of the United States operating business Investment Evolution Corporation (USA), Lithuanian company Investment Evolution UAB and a Spanish company Investment Evolution SL.

During the 2021 financial year, Investment Evolution Ltd. acquired a Spain subsidiary, namely Investment Evolution SL, which has not yet commenced operations.

Investment Evolution Corporation (USA) is a fintech company that provides $5 000 and $10 000 unsecured consumer loans in the United States and trades under the name “Mr. Amazing Loans”. Mr. Amazing Loans has been operating in the United States since 2010 and holds 7 US state lending licenses and/or certificates of authority in California, Florida, Georgia, Illinois, New Jersey, Nevada and Texas.

Investment Evolution UAB was incorporated on 17th April 2020 and commenced operations in January 2021.

3. Review of financial results and activities

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the International Business Companies Act of 2016. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated and separate financial statements.

4. Share capital

	2021	2020
Authorised	**Number of shares**	
Ordinary shares	200 000 000	200 000 000

	2021	2020	2021	2020
Issued	**€**	**€**	**Number of shares**	
Ordinary shares	10 343	10 343	103 433 000	103 433 000

5. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the directors may pass on the payment of dividends.

The board of directors has resolved not to declare a dividend for the financial year ended 31 December 2021.

Directors' Report

6. Insurance and risk management

The group follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control programme, which is carried out in conjunction with the group's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

7. Directorate

The directors during the financial year ended 31 December 2021 are as follows:

Directors	Office	Designation	Nationality
Sameer Prasad	Chairperson	Executive	Australian
Andrew Cassar	Chief Financial Officer	Executive	Maltese
Glendys Aguilera	Director	Executive	American

8. Directors' interests in shares

As at 31 December 2021, the director of the company held direct beneficial interests in 9% (2020: 9%) of its issued ordinary shares, as set out below:

Interests in shares	2021 Direct	2020 Direct
Sameer Prasad	9 714 030	9 714 030

The register of interests of directors and others in shares of the company is available to the shareholders on request.

9. Directors' interests in contracts

All directors have disclosed their interest during the financial year.

10. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in the consolidated and separate financial statements in note 5.

The interest of the group in the profits and losses of its subsidiaries for the year ended 31 December 2021 are as follows:

	2021 €	2020 €
Subsidiaries		
Total losses before income tax	(1 768 972)	(1 096 141)

During the 2021 financial year, Investment Evolution Ltd. acquired 100% interest in Investment Evolution SL for a consideration of € 6 500. Investment Evolution Ltd. acts as a holding company and holds the shares of the Spain company Investment Evolution SL, United States company Investment Evolution Corporation, and Lithuanian company Investment Evolution UAB.

Directors' Report

11. Events after the reporting period

On 31 March 2022 the € 500 000 loan from Sameer Prasad with a due date of 31 December 2023 has been forgiven for € 0 consideration resulting in a net asset increase for the group of € 500 000.

On 12 April 2022 Investment Evolution Corporation (Seychelles) announced that its 2021 AGM will be held on 4 May 2022, where the Company will be seeking shareholder approval to increase authorised shares from 200 000 000 ordinary shares to 2 000 000 000 ordinary shares for a planned rights issue to existing shareholders.

Management is aiming to raise € 1 000 000 – € 2 000 000 in equity from the planned rights issue with an anticipated offer close date of 30 June 2022.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report

12. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

As at 31 December 2021, the group had accumulated losses of € 1 744 449 and the company's total liabilities exceed its assets by € 2 095 509. However, after the reporting period a € 500 000 loan has been forgiven (resulting in a group net asset increase of € 500 000) and Investment Evolution Corporation (Seychelles) is seeking shareholder approval at its 2021 AGM to conduct an equity capital raising to existing shareholders to raise a targeted € 1 000 000 – € 2 000 000 with an anticipated offer close date of 30 June 2022. In addition, the Company announced a Q1 2022 net profit of € 6 151.

Management have evaluated their plans for the next 12 months and the directors believe that the company and the group can meet all their obligations through January 2023 and beyond. Management have utilised the cash flow from US consumer loan repayments and Spain consumer loan repayments to fund operations. Management expects to continue to increase group revenue and cash flow via ongoing working capital loan investments to fund growth in new consumer loans in Spain resulting in increased revenues and recurring cash flow from Spain consumer loan repayments.

13. Secretary

The company secretary is Mr Andrew Cassar.

14. Terms of appointment of the auditors

PKF Octagon Inc. were appointed as the company's auditors.

15. Date of authorisation for issue of financial statements

The consolidated and separate financial statements have been authorised for issue by the directors on Tuesday, 12 April 2022. No authority was given to anyone to amend the consolidated and separate financial statements after the date of issue.

Independent Auditor's Report

To the Shareholders of Investment Evolution Corporation and its Subsidiaries

Opinion

We have audited the consolidated and separate financial statements of Investment Evolution Corporation and its Subsidiaries (the group) set out on pages 10 to 43, which comprise the consolidated and separate statement of financial position as at 31 December 2021, consolidated and separate statement of profit and loss, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of Investment Evolution Corporation and its Subsidiaries as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the International Business Companies Act of 2016.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated And Separate Financial Statements section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of consolidated and separate financial statements in Seychelles. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Seychelles. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 26 to the consolidated and separate financial statements which indicates that at 31 December 2021, the group had accumulated losses of € 1 744 449 and that the company's total liabilities exceed its assets by € 2 095 509. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Assessing expected credit risk for Financial assets at amortised cost in terms of IFRS 9 (note 6).	
• The application of IFRS 9 is considered to be a key audit matter, as it is a standard that requires a significant degree of judgement by management when assessing the impairment of financial instruments. These judgements include amongst others, the classification of financial instruments, the stages in the impairment model in which the financial instruments is classified, defining default and estimating expected credit losses. • The general approach was applied for the loans to individuals and third parties. As described in the notes (note 6) the to the financial statements the credit losses have been determined in accordance	In assessing the impairments we performed the following procedures, amongst others: • We assessed the modelling technique and methodology against the requirements of IFRS 9 • We assessed the data used in determining the expected credit loss reserve for accuracy. • We developed our own independent model and assessed the reasonability of management's definition of default and staging of their financial assets for impairment by taking in to account various factors.

Key audit matter	How our audit addressed the key audit matter
with IFRS 9 – Financial Instruments. Given the significant degree of judgement required to apply IFRS 9, this matter required specific audit focus.	• We assessed the forward looking assumptions applied by management in their expected credit loss calculations through discussions with them and corroborated certain assumptions by comparing to underlying assets under management. • We also focussed on the adequacy of the disclosure in the financial statements in terms of IFRS 9 – Financial instruments. Having performed our audit procedures and evaluated the outcomes we concluded that the financial assets were accounted for in terms of IFRS 9, as indicated and disclosed in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Investment Evolution Corporation and its Subsidiaries Consolidated And Separate Financial Statements for the year ended 31 December 2021", which includes the Directors' Report as required by the International Business Companies Act of 2016. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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, 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.

Responsibilities of the Directors for the Consolidated And Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and the requirements of the International Business Companies Act of 2016, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group’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 to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated And Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 International Standards on Auditing 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 consolidated and separate financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 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 consolidated and separate 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and separate 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 the directors 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.

We also provide the directors with a statement that we have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significant in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PKF Octagon Inc

PKF Octagon Inc.
Henico Schalekamp
Registered Auditor

12 April 2022
Johannesburg

Statement of Financial Position as at 31 December 2021

		Group		Company	
Figures in Euro	**Notes**	**2021**	**2020**	**2021**	**2020**
Assets					
Non-Current Assets					
Goodwill	4	2 500	-	-	-
Investments in subsidiaries	5	-	-	1 200	1 200
		2 500	**-**	**1 200**	**1 200**
Current Assets					
Trade and other receivables	6	831 408	707 517	-	-
Cash and cash equivalents	7	275 564	123 581	16 554	16 554
		1 106 972	**831 098**	**16 554**	**16 554**
Total Assets		**1 109 472**	**831 098**	**17 754**	**17 754**
Equity and Liabilities					
Equity					
Share capital	8	10 343	10 343	10 343	10 343
Foreign currency translation reserve		(35 673)	(173 078)	2 481	5 069
Accumulated loss		(1 744 449)	75 832	(124 779)	(78 390)
		(2 095 509)	**(412 632)**	**(434 641)**	**(385 663)**
Liabilities					
Non-Current Liabilities					
Loans from group companies	11	-	-	452 395	403 417
Borrowings	14	1 500 000	-	-	-
		1 500 000	**-**	**452 395**	**403 417**
Current Liabilities					
Trade and other payables	12	86 681	151 730	-	-
Loans from director	13	-	172 000	-	-
Borrowings	14	1 618 300	920 000	-	-
		1 704 981	**1 243 730**	**-**	**-**
Total Liabilities		**3 204 981**	**1 243 730**	**452 395**	**403 417**
Total Equity and Liabilities		**1 109 472**	**831 098**	**17 754**	**17 754**

Statement of Profit and Loss

		Group		Company	
Figures in Euro	**Notes**	**2021**	**2020**	**2021**	**2020**
Revenue	15	545 141	329 360	-	-
Other operating income	16	23 545	1 544 173	-	547
Other operating gains (losses)	17	(76 663)	(205 966)	(64)	-
Other operating expenses		(1 407 534)	(1 061 048)	(46 325)	(78 937)
Operating (loss) profit	18	**(915 511)**	**606 519**	**(46 389)**	**(78 390)**
Investment income		388	-	-	-
Finance costs	19	(905 158)	(530 687)	-	-
(Loss) profit for the year		**(1 820 281)**	**75 832**	**(46 389)**	**(78 390)**
Earnings per share	3	-0.0176	0.000812		

Statement of Comprehensive Income

		Group		Company	
Figures in Euro	**Notes**	**2021**	**2020**	**2021**	**2020**
(Loss) profit for the year		**(1 820 281)**	**75 832**	**(46 389)**	**(78 390)**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		(35 674)	(173 078)	(2 588)	5 069
Other comprehensive income for the year net of taxation		**(35 674)**	**(173 078)**	**(2 588)**	**5 069**
Total comprehensive loss		**(1 855 955)**	**(97 246)**	**(48 977)**	**(73 321)**

Investment Evolution Corporation and its Subsidiaries
(Registration number 217938)
Consolidated And Separate Financial Statements for the year ended 31 December 2021

Statement of Changes in Equity

Figures in Euro	Share capital	Foreign currency translation reserve	Other reserves	Accumulated loss	Total equity
Group					
Profit for the year	-	-	-	75 832	75 832
Other comprehensive income	-	(173 078)	-	-	(173 078)
Total comprehensive income for the year	**-**	**(173 078)**	**-**	**75 832**	**(97 246)**
Issue of shares	10 600	-	-	-	10 600
Shares repurchased and cancelled	(257)	-	-	-	(257)
Share capital repurchased and cancelled	-	-	(322 686)	-	(322 686)
Other reserves	-	-	(3 043)	-	(3 043)
Total contributions by and distributions to owners of company recognised directly in equity	**10 343**	**-**	**(325 729)**	**-**	**(315 386)**
Balance at 01 January 2021	**10 343**	**(173 078)**	**(325 729)**	**75 832**	**(412 632)**
Loss for the year	-	-	-	(1 820 281)	(1 820 281)
Other comprehensive income	-	137 404	-	-	137 404
Total comprehensive Loss for the year	**-**	**137 404**	**-**	**(1 820 281)**	**(1 682 877)**
Balance at 31 December 2021	**10 343**	**(35 674)**	**(325 729)**	**(1 744 449)**	**(2 095 509)**
Note(s)	8	10	9		
Company					
Loss for the year	-	-	-	(78 390)	(78 390)
Other comprehensive income	-	5 069	-	-	5 069
Total comprehensive Loss for the year	**-**	**5 069**	**-**	**(78 390)**	**(73 321)**
Issue of shares	10 600	-	-	-	10 600
Shares repurchased and cancelled	(257)	-	-	-	(257)
Share capital repurchased and cancelled	-	-	(322 686)	-	(322 686)
Total contributions by and distributions to owners of company recognised directly in equity	**10 343**	**-**	**(322 686)**	**-**	**(312 343)**
Balance at 01 January 2021	**10 343**	**5 069**	**(322 686)**	**(78 390)**	**(385 664)**
Loss for the year	-	-	-	(46 389)	(46 389)
Other comprehensive income	-	(2 588)	-	-	(2 588)
Total comprehensive Loss for the year	**-**	**(2 588)**	**-**	**(46 389)**	**(48 977)**
Balance at 31 December 2021	**10 343**	**2 481**	**(322 686)**	**(124 779)**	**(434 641)**
Notes	8	10	9		

Statement of Cash Flows

		Group		Company	
Figures in Euro	**Notes**	**2021**	**2020**	**2021**	**2020**
Cash flows from operating activities					
Cash used in operations	21	(967 047)	(421 903)	(48 978)	(73 320)
Interest income		388	-	-	-
Finance costs		(905 158)	(530 687)	-	-
Net cash from operating activities		**(1 871 817)**	**(952 590)**	**(48 978)**	**(73 320)**
Cash flows from investing activities					
Purchase of property, plant and equipment		-	196 367	-	-
Acquisition of subsidiary		(2 500)	100 147	-	(1 200)
Net cash from investing activities		**(2 500)**	**296 514**	**-**	**(1 200)**
Cash flows from financing activities					
Proceeds on share issue	8	-	10 343	-	10 343
Repurchase of shares	8	-	(322 686)	-	(322 686)
Repayment of loans from group companies		-	-	48 978	403 417
Proceeds from borrowings		2 198 300	920 000	-	-
Repayment of shareholders loan		(172 000)	172 000	-	-
Net cash from financing activities		**2 026 300**	**779 657**	**48 978**	**91 074**
Total cash movement for the year		**151 983**	**123 581**	**-**	**16 554**
Cash at the beginning of the year		123 581	-	16 554	-
Total cash at end of the year	7	**275 564**	**123 581**	**16 554**	**16 554**

Accounting Policies

Corporate information

Investment Evolution Corporation (Seychelles) is a public limited company incorporated and domiciled in Seychelles.

The consolidated and separate financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on Tuesday, 12 April 2022.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated and separate financial statements and the International Business Companies Act of 2016.

The consolidated and separate financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Euros, which is the group and company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the consolidated and separate financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated and separate financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated and separate financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Accounting Policies

1.2 Consolidation (continued)

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under 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 and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 - 8 years
IT equipment	Straight line	5 years
Leasehold improvements	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Accounting Policies

1.4 Property, plant and equipment (continued)

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5 Investments in subsidiaries

Investments in subsidiaries are carried at fair value with fair value changes recognised in profit or loss.

1.6 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group ,as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows).

Financial liabilities:

- Amortised cost.

Note 25 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Accounting Policies

1.6 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 6).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 6.

1.6 Financial instruments (continued)

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 18).

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 6) and the financial instruments and risk management note (note 25).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

Borrowings and loans from related parties

Classification

Loans from group companies (note 11), loans from shareholders (note 13) and borrowings (note 14) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 19.)

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 25 for details of risk exposure and management thereof.

Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Euro equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 17).

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management (note 25).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Accounting Policies

1.6 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 12), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 19).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 25 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Euro equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 17).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other payables note (note 12).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Accounting Policies

1.6 Financial instruments (continued)

Financial liabilities at fair value through profit or loss

Classification

Financial liabilities which are held for trading are classified as financial liabilities mandatorily at fair value through profit or loss.

When a financial liability is contingent consideration in a business combination, the group classifies it as a financial liability at fair value through profit or loss.

The group, does, from time to time, designate certain financial liabilities as at fair value through profit or loss. The reason for the designation is to reduce or significantly eliminate an accounting mismatch which would occur if the instruments were not classified as such; or if the instrument forms part of a group of financial instruments which are managed and evaluated on a fair value basis in accordance with a documented management strategy; or in cases where it forms part of a contract containing an embedded derivative and IFRS 9 permits the entire contract to be measured at fair value through profit or loss.

Recognition and measurement

Financial liabilities at fair value through profit or loss are recognised when the group becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

For financial liabilities designated at fair value through profit or loss, the portion of fair value adjustments which are attributable to changes in the group's own credit risk, are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of liabilities, rather than in profit or loss. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, then that portion is also recognised in profit or loss.

Interest paid on financial liabilities at fair value through profit or loss is included in finance costs (note 19).

Financial liabilities denominated in foreign currencies

When a financial liability at fair value through profit or loss is denominated in a foreign currency, the fair value of the instrument is determined in the foreign currency. The fair value is then translated to the Euro equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised as part of the fair value adjustment in profit or loss. To the extent that the foreign exchange gain or loss relates to the portion of the fair value adjustment recognised in other comprehensive income, that portion of foreign exchange gain or loss is included in the fair value adjustment recognised in other comprehensive income.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 25).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

The changes in fair value attributable to changes in own credit risk which accumulated in equity for financial liabilities which were designated at fair value through profit or loss are not reclassified to profit or loss. Instead, they are transferred directly to retained earnings on derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Accounting Policies

1.6 Financial instruments (continued)

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Accounting Policies

1.8 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 18) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

1.9 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

Accounting Policies

1.9 Impairment of assets (continued)

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the group in which they are declared.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.12 Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Interest and fees on loans to consumers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Identifying performance obligations

The Group earns loan fees and interest from its customers. The Group determined that these revenue streams are capable of being distinct and are not highly interdependent.

Determining timing of satisfaction

The Group concluded that revenue is to be recognised at a point in time. For invoiced services, revenue is recognized as the related services are performed. For interest income, interest revenue is calculated using the interest yield method. Charges for late payments are credited to income when collected.

Accrual of interest income on loans receivable is suspended when no payment has been received on account for 91 days or more on a contractual basis, at which time a loan is considered delinquent. Payments received on nonaccrual financing loans are first applied to the unpaid accrued interest and then principal. Loans are returned to active status and accrual of interest income is resumed when all the principal and interest amounts contractually due are brought current, at which time management believes future payments are reasonably assured.

1.13 Finance costs

Finance costs are recognised as an expense in the period in which they are incurred.

Accounting Policies

1.14 Translation of foreign currencies

Functional and presentation currency

Items included in the consolidated and separate financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated and separate financial statements are presented in Euro which is the group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Euros, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the group receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the group initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, group determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated and separate financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Euros by applying to the foreign currency amount the exchange rate between the Euro and the foreign currency at the date of the cash flow.

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:
- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Euro	**2021**	**2020**	**2021**	**2020**

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact

3. Earnings per share

Earnings and headline earnings per share are calculated using the weighted average number of relevant ordinary shares in issue during the year. The weighted average number of shares in issue during the year for both basic earnings per share and diluted earnings per share at 31 December 2021:

Number of share in issue, excluding treasury share: 103 433 000

Weighted number of shares: 103 433 000

Basic earnings: -1 820 520

The entity has no reason to exclude any amounts from basic earnings per share.
The basic and diluted earnings per share as at 31 December 2021 was: - €0.0176.

4. Goodwill

Group	**2021**			**2020**		
	Cost	**Accumulated impairment**	**Carrying value**	**Cost**	**Accumulated impairment**	**Carrying value**
Goodwill	2 500	-	2 500	-	-	-

Reconciliation of goodwill - Group - 2021

	Opening balance	Additions through business combinations	Total
Goodwill	-	2 500	2 500

5. Interests in subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Company

Name of company	Held by	% voting power 2021	% voting power 2020	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020
Investment Evolution Ltd.	Investment Evolution Corporation	100.00 %	100.00 %	100.00 %	100.00 %	1 200	1 200
Investment Evolution Transfer Ltd.	Investment Evolution Ltd.	- %	100.00 %	- %	100.00 %	-	-
Investment Evolution Corporation (USA)	Investment Evolution Ltd.	100.00 %	100.00 %	100.00 %	100.00 %	-	-
Investment Evolution UAB (Lithuania)	Investment Evolution Ltd.	100.00 %	100.00 %	100.00 %	100.00 %	-	-
Investment Evolution SL (Spain)	Investment Evolution Ltd.	100.00 %	- %	100.00 %	- %	-	-
						1 200	1 200

6. Trade and other receivables

	Group 2021	Group 2020	Company 2021	Company 2020
Financial instruments:				
Trade receivables	833 778	756 608	-	-
Accrued income	88 168	-	-	-
Loss allowance	(138 209)	(138 015)	-	-
Trade receivables at amortised cost	783 737	618 593	-	-
Deposits	6 287	5 803	-	-
Other receivables	29 766	22 952	-	-
Non-financial instruments:				
VAT	1 440	2 189	-	-
Prepayments	10 178	57 980	-	-
Total trade and other receivables	**831 408**	**707 517**	**-**	**-**

Financial instrument and non-financial instrument components of trade and other receivables

	Group 2021	Group 2020	Company 2021	Company 2020
At amortised cost	819 790	647 348	-	-
Non-financial instruments	11 618	60 169	-	-
	831 408	**707 517**	**-**	**-**

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the group only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

	Group		Company	
Figures in Euro	**2021**	**2020**	**2021**	**2020**

6. Trade and other receivables (continued)

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The loans receivable has been assessed for expected credit losses in terms of IFRS 9. For each loan receivable, management took into consideration the following:

Probability of default (PD) – this is the likelihood that the debtor will default on its debts (goes bankrupt or so) within certain period (12 months for loans in Stage 1 and lifetime for other loans).

Loss given default (LGD) – this is the percentage that the Group can lose when the debtor defaults.

Exposure at default (EAD) – this is the carrying amount of the receivable at the time of default.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments.

The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Group	2021	2021	2020	2020
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Not past due: 11% (2020: 14%)	572 913	65 089	631 437	88 683
Less than 30 days past due: 15% (2020: 20%)	129 433	19 027	54 515	10 740
31 - 60 days past due: 26% (2020: 37%)	42 730	11 215	24 954	9 269
>61 days past due: 48% (2020: 64%)	88 702	42 878	45 702	29 323
Total	**833 778**	**138 209**	**756 608**	**138 015**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	315	291	-	-
Bank balances	275 249	123 290	16 554	16 554
	275 564	**123 581**	**16 554**	**16 554**

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Euro	**2021**	**2020**	**2021**	**2020**

8. Share capital

Authorised				
200 000 000 Ordinary shares of €0.0001	20 000	20 000	20 000	20 000
Reconciliation of number of shares issued:				
Reported as at 01 January 2021	103 433 000	103 433 000	103 433 000	103 433 000
Issued				
Ordinary	10 343	10 343	10 343	10 343

Ordinary shares have a par value of €0.0001. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

9. Other reserves

On the 7th February 2020 Investment Evolution Corporation (MERJ: IEC) listed 100% of its 106 million ordinary shares on the MERJ Exchange Limited, a Seychelles stock exchange, at €0.15 per share, equating to an initial market capitalisation of €15.9 million.

Between March and December 2020, there were share buy backs from Investment Evolution Corporation with the difference between par value and the market value of the shares accounted for in the other reserves.

Share capital repurchased and cancelled	(322 686)	(322 686)	(322 686)	(322 686)
Other reserves	(3 043)	(3 043)	-	-
	(325 729)	**(325 729)**	**(322 686)**	**(322 686)**

10. Foreign currency translation reserve

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.

Foreign exchange difference on $ denominated subsidiary and functional currency in €	(35 674)	(173 078)	2 481	5 069

11. Loans from group companies

Subsidiaries

Investment Evolution Ltd.	-	-	388 671	342 681
Investment Evolution Corporation dba Mr. Amazing Loans	-	-	59 205	56 617
Investment Evolution UAB	-	-	4 519	4 119
	-	**-**	**452 395**	**403 417**

Represents unsecured loans which bear interest at the prescribed rates, have no fixed repayment terms and are not expected to be repaid within the next 12 months.

Loans from group subsidiaries to the company are non-recourse and subordinated.

Refer to note 25 Financial instruments and financial risk management for details of currency risk management for group loans payable.

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Euro	**2021**	**2020**	**2021**	**2020**

11. Loans from group companies (continued)

Exposure to liquidity risk

Refer to note 25 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to currency risk

Refer to note 25 Financial instruments and financial risk management for details of currency risk management for group loans payable.

Exposure to interest rate risk

Fair value of group loans payable

The fair value of group loans payable approximates their carrying amounts.

12. Trade and other payables

Financial instruments:				
Trade payables	27 274	29 124	-	-
Accrued expense	59 407	122 606	-	-
	86 681	**151 730**	**-**	**-**

Exposure to liquidity risk

Refer to note 25 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

Refer to note 25 Financial instruments and financial risk management for details of interest rate risk management for trade and other payables.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

13. Loans from director

Sameer Prasad The loan was fully settled in the current year and have since been replaced by working capital loans being classified to borrowings.	-	172 000	-	-

Exposure to liquidity risk

Refer to note 25 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

Refer to note 25 Financial instruments and financial risk management for details of interest rate risk management for loans from shareholders.

Fair value of shareholder loans payable

The fair value of loans from shareholders approximates their carrying amounts.

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Euro	**2021**	**2020**	**2021**	**2020**

14. Borrowings

Held at amortised cost				
Working capital loans	3 118 300	920 000	-	-

Split between non-current and current portions

Non-current liabilities	1 500 000	-	-	-
Current liabilities	1 618 300	920 000	-	-
	3 118 300	**920 000**	**-**	**-**

€ 2 618 300 bears interest at 7.5% per quarter with capital repayable as follows:

EUR	Date
100 000	31 January 2022
36 000	15 February 2022
187 000	28 February 2022
100 000	31 March 2022
293 000	30 April 2022
160 000	31 May 2022
137 000	30 June 2022
21 000	31 August 2022
160 800	30 September 2022
280 000	31 October 2022
143 500	30 November 2022
100 000	15 January 2023
200 000	30 January 2023
500 000	31 January 2023
200 000	28 February 2023

€ 500 000 bears interest at 0%, being unsecured and with capital repayable as follows:

EUR	Date
500 000	31 December 2023

Exposure to interest rate risk

Refer to note 25 for details of interest rate risk management for borrowings.

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Euro	**2021**	**2020**	**2021**	**2020**

15. Revenue

Revenue from contracts with customers				
Interest income	324 432	329 360	-	-
Loan fees	144 100	-	-	-
Other revenue from contract with customers	76 609	-	-	-
	545 141	**329 360**	**-**	**-**

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

Revenue				
Other revenue from contract with customers	76 609	-	-	-
Revenue				
Interest income	324 432	329 360	-	-
Loan fees	144 100	-	-	-
	468 532	**329 360**	**-**	**-**

Timing of revenue recognition

Over time				
Interest income	324 432	329 360	-	-
Loan fees	144 100	-	-	-
Other revenue from contract with customers	76 609	-	-	-
	545 141	**329 360**	**-**	**-**

16. Other operating income

Gain on bargain purchase in a business combination	-	1 251 081	-	-
Other income	23 545	293 092	-	547
	23 545	**1 544 173**	**-**	**547**

17. Other operating gains (losses)

Gains (losses) on disposals, scrappings and settlements				
Loss on disposal of assets	(240)	(205 966)	-	-

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Euro	**2021**	**2020**	**2021**	**2020**

18. Operating profit (loss)

Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:

Remuneration, other than to employees				
Consulting and professional services	280 239	321 265	-	-
Employee costs				
Salaries, wages, bonuses and other benefits	179 799	180 656	-	-
Depreciation and amortisation				
Depreciation of property, plant and equipment	-	15 718	-	-

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows

Employee costs	179 799	180 656	-	-
Depreciation, amortisation and impairment	-	15 718	-	-
Other expenses	405 910	271 107	-	-
Provision for credit losses	502 087	52 889	-	-
Consulting fees	280 239	321 265	-	-
Legal fees	39 499	132 688	-	-
Public company expenses	-	86 179	-	78 937

19. Finance costs

Finance cost on working capital loans	905 158	530 687	-	-

20. Taxation

No provision has been made for 2021 tax as the company has no taxable income.

21. Cash used in operations

(Loss) profit before taxation	(1 820 281)	75 832	(46 389)	(78 390)
Adjustments for:				
Depreciation and amortisation	-	15 718	-	-
Additions of property, plant and equipment	-	(212 085)	-	-
Interest income	(388)	-	-	-
Finance costs	905 158	530 687	-	-
Gain on bargain purchase in a business combination	-	(1 251 081)	-	-
Foreign currency translation reserve	137 405	(173 078)	(2 588)	5 069
Other reserves	-	(3 043)	-	-
Working capital obtained during business combination	-	1 150 934	-	-
Changes in working capital:				
Trade and other receivables	(123 892)	(707 517)	-	-
Rounding	-	-	(1)	1
Trade and other payables	(65 049)	151 730	-	-
	(967 047)	**(421 903)**	**(48 978)**	**(73 320)**

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Euro	**2021**	**2020**	**2021**	**2020**

22. Employee costs

Employee costs				
Basic	179 799	180 656	-	-

23. Directors' emoluments

Executive

2021

Directors' emoluments	Salary	Total
Sameer Prasad	253 650	253 650
Andrew Cassar	75 000	75 000
Glendys Aguilera	49 882	49 882

2020

Directors' emoluments	Salary	Total
Sameer Prasad	262 858	262 858
Andrew Cassar	75 121	75 121
Glendys Aguilera	51 695	51 695

Notes to the Consolidated And Separate Financial Statements

	Group		Company	
Figures in Euro	**2021**	**2020**	**2021**	**2020**

24. Related parties

Relationships

Subsidiaries	Investment Evolution Ltd. (Malta) Investment Evolution Corporation (United States) Investment Evolution UAB (Lithuania) Investment Evolution Transfer Ltd. (Malta) Investment Evolution SL (Spain)
Shareholder	Paul Mathieson
Members of key management	Andrew Cassar Sameer Prasad Glendys Aguilera

Related party balances

Loan accounts - Owing to related parties				
Investment Evolution Ltd.	-	-	388 671	342 681
Investment Evolution Corporation	-	-	67 055	56 617
Investment Evolution UAB	-	-	4 519	4 119
Paul Mathieson	1 125 000	-	-	-
Sameer Prasad	900 000	172 000	-	-

Related party transactions

Interest paid to related parties			**-**	**-**
Paul Mathieson	350 500	-	-	-
Sameer Prasad	115 160	-	-	-
	465 660	**-**	**-**	**-**
Finance costs paid to related parties			**-**	**-**
Paul Mathieson	210 000	-	-	-
Sameer Prasad	51 430	-	-	-
	261 430	**-**	**-**	**-**

Notes to the Consolidated And Separate Financial Statements

25. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2021

	Notes	Amortised cost	Total	Fair value
Trade and other receivables	6	819 790	819 790	819 790
Cash and cash equivalents	7	275 564	275 564	275 564
		1 095 354	**1 095 354**	**1 095 354**

Group - 2020

	Notes	Amortised cost	Total	Fair value
Trade and other receivables	6	647 348	647 348	647 348
Cash and cash equivalents	7	123 581	123 581	123 581
		770 929	**770 929**	**770 929**

Company - 2021

	Notes	Amortised cost	Total	Fair value
Investments in subsidiaries	5	1 200	1 200	1 200
Cash and cash equivalents	7	16 554	16 554	16 554
		17 754	**17 754**	**17 754**

Company - 2020

	Notes	Amortised cost	Total	Fair value
Investments in subsidiaries	5	1 200	1 200	1 200
Cash and cash equivalents	7	16 554	16 554	16 554
		17 754	**17 754**	**17 754**

Notes to the Consolidated And Separate Financial Statements

25. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2021

	Notes	Amortised cost	Total	Fair value
Trade and other payables	12	86 681	86 681	86 681
Borrowings	14	3 118 300	3 118 300	3 118 300
		3 204 981	**3 204 981**	**3 204 981**

Group - 2020

	Notes	Amortised cost	Total	Fair value
Trade and other payables	12	151 730	151 730	151 730
Loans from director		172 000	172 000	172 000
Borrowings	14	920 000	920 000	920 000
		1 243 730	**1 243 730**	**1 243 730**

Company - 2021

	Notes	Amortised cost	Total	Fair value
Loans from group companies	11	452 395	452 395	452 394

Company - 2020

	Notes	Amortised cost	Total	Fair value
Loans from group companies	11	403 417	403 417	403 417

Notes to the Consolidated And Separate Financial Statements

		Group		Company	
Figures in Euro		**2021**	**2020**	**2021**	**2020**

25. Financial instruments and risk management (continued)

Capital risk management

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The capital structure and gearing ratio of the group at the reporting date was as follows:

Loans from group companies	11	-	-	452 395	403 417
Loan from director	13	-	172 000	-	-
Borrowings	14	3 118 300	920 000	-	-
Trade and other payables	12	86 681	151 730	-	-
Total borrowings		**3 204 981**	**1 243 730**	**452 395**	**403 417**
Cash and cash equivalents	7	(275 564)	(123 581)	(16 554)	(16 554)
Net borrowings		**2 929 417**	**1 120 149**	**435 841**	**386 863**
Equity		(2 095 509)	(412 632)	(434 641)	(385 664)

25. Financial instruments and risk management (continued)

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group is exposed to credit risk on loans receivable, trade and other receivables, contract receivables, cash and cash equivalents, loan commitments and financial guarantees.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

25. Financial instruments and risk management (continued)

The maximum exposure to credit risk is presented in the table below:

Group		2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	6	833 778	(138 209)	695 569	783 151	(138 015)	645 136
Cash and cash equivalents	7	275 564	-	275 564	123 581	-	123 581
		1 109 342	**(138 209)**	**971 133**	**906 732**	**(138 015)**	**768 717**

Company		2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Cash and cash equivalents	7	16 554	-	16 554	16 554	-	16 554

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors liquidity risk by means of rolling forecasts on the basis of expected cash flows over a twelve month period and ensures that no additional financing facilities are expected to be required over the coming period. The Company’s liquidity risk is not deemed material in view of the matching of cash inflows and outflows arising from expected maturities of both financial instruments, coupled with the Company’s committed borrowing facilities that it can access to meet liquidity needs as referred to previously. The carrying amounts of the Company’s assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date in the respective notes to the financial statements.

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

The table below analyses the company’s financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group - 2021

		Less than 1 year	Total	Carrying amount
Non-current liabilities				
Borrowings	14	1 500 000	1 500 000	1 500 000
Current liabilities				
Trade and other payables	12	86 681	86 681	86 681
Borrowings	14	1 618 300	1 618 300	1 618 300
		(3 204 981)	**(3 204 981)**	**(3 204 981)**

Notes to the Consolidated And Separate Financial Statements

25. Financial instruments and risk management (continued)

Group - 2020

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables		151 730	151 730	151 730
Loans from director	13	172 000	172 000	172 000
Borrowings	14	920 000	920 000	920 000

Company - 2021

		1 to 2 years	Total	Carrying amount
Current liabilities				
Loans from group companies	11	452 394	452 394	452 394

Company - 2020

		1 to 2 years	Total	Carrying amount
Current liabilities				
Loans from group companies	11	403 417	403 417	403 417

Foreign currency risk

The group does not conclude material transactions in foreign currency therefore is not subject to material foreign currency risk.

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

26. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

As at 31 December 2021, the group had accumulated losses of € 1 744 449 and the company's total liabilities exceed its assets by € 2 095 509. However, after the reporting period a € 500 000 loan has been forgiven (resulting in a group net asset increase of € 500 000) and Investment Evolution Corporation (Seychelles) is seeking shareholder approval at its 2021 AGM to conduct an equity capital raising to existing shareholders to raise a targeted € 1 000 000 – € 2 000 000 with an anticipated offer close date of 30 June 2022. In addition, the Company announced a Q1 2022 net profit of € 6 151.

Management have evaluated their plans for the next 12 months and the directors believe that the company and the group can meet all their obligations through January 2023 and beyond. Management have utilised the cash flow from US consumer loan repayments and Spain consumer loan repayments to fund operations. Management expects to continue to increase group revenue and cash flow via ongoing working capital loan investments to fund growth in new consumer loans in Spain resulting in increased revenues and recurring cash flow from Spain consumer loan repayments.

Notes to the Consolidated And Separate Financial Statements

27. Events after the reporting period

On 31 March 2022 the € 500 000 loan from Sameer Prasad with a due date of 31 December 2023 has been forgiven for € 0 consideration resulting in a net asset increase for the group of € 500 000.

On 12 April 2022 Investment Evolution Corporation (Seychelles) announced that its 2021 AGM will be held on 4 May 2022, where the Company will be seeking shareholder approval to increase authorised shares from 200 000 000 ordinary shares to 2 000 000 000 ordinary shares for a planned rights issue to existing shareholders. Management is aiming to raise € 1 000 000 – € 2 000 000 in equity from the planned rights issue with an anticipated offer close date of 30 June 2022.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of the financial statements.