Oxygen Finance Group Limited

Annual Report 2023

and Consolidated Financial Statements

Financial technology delivering social value

Registered number 11010451 | For the year ended 31 December 2023

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COMPANY INFORMATION

For the year ended 31 December 2023

DIRECTORS

James van den Bergh	Chair
Ninian Wilson	Non-Executive Director (appointed 1 December 2023)
Ben Jackson	Chief Executive Officer
Andrew Price	Chief Financial Officer

REGISTERED NUMBER

11010451

REGISTERED OFFICE

1st Floor, Enterprise House
115 Edmund Street
Birmingham
B3 2HJ

INDEPENDENT AUDITOR

Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

CHAIR'S STATEMENT

This time last year I shared details of the significant steps Oxygen had taken towards accelerated growth and profitability, including paying its maiden dividend. Today I am delighted to report that Oxygen has continued to surge ahead since, achieving record earnings and passing several further milestones.

Overall revenues grew by 16% in 2023, exceeding £6m for the first time. This double-digit increase underscores our unwavering commitment to delivering for our clients which, in turn, drives their trust in us. That half of Oxygen's Early Payment clients go on to purchase multiple products from us is testament to our positive impact on their finance and procurement operations.

We've also bolstered our own operational capabilities in response to record client numbers and transactions. This year the number of Early Payment and Enterprise Insights clients hit a high of 144, with more to come from an enviable pipeline. In another first, the combined trade spend of existing Early Payment clients reached £26.8bn. Oxygen has strategically invested more than £1.3m in technology and human capital to service this increased demand.

The recent acquisition of leading public sector tender information portal bidstats.uk further expands our capabilities, boosting our information services offer to public sector buyers and suppliers seeking to trade more effectively. It also makes clear our ambitions in the competitive Software as a Service (SaaS) marketplace.

As ever, delivering on our ESG commitments remains a priority. This year our FreePay product enabled clients to pay invoices totalling an impressive £583m to more than 15,000 local businesses early, and at no cost. We are rightly proud of the significant liquidity boost the programme provides to local economies.

PATIENCE HEALTHCARE

"Since joining the Supplier Incentive Programme, we typically receive payment within three working days. Faster payment has enabled us to invest in the business, something that was particularly important to us at the outset. The small rebate fee is more cost effective than other types of funding available and worthwhile given how quickly we receive payment."

Jack Baker, Director,
Patience Healthcare

Turning to profitability, EBITDA increased to £1.2m in 2023. With a clear path of future growth and profitability we feel confident in the decision to invest now to maximise growth in the future. This, coupled with robust working capital management producing strong cash generation, enabled Oxygen to fully fund the bidstats.uk acquisition and integration as well as doubling its shareholder dividend to £0.5m.

The year ended with the appointment of Ninian Wilson as an Independent Non-Executive Director. Currently Group Procurement Director and Chief Executive of Vodafone Procurement Company, Ninian's strategic experience and procurement expertise further strengthen our board and will be invaluable in guiding our product roadmap.

I extend a very warm welcome to Ninian, and would like to express my gratitude to our team, clients, partners and shareholders. Oxygen is cash generative and dominates its core market. Together we have delivered a great set of results in 2023, and I am confident that our remarkable journey of growth will continue.

James van den Bergh
Chair

25 March 2024

CEO'S REVIEW

for the year ended 31 December 2023

It's been a year of growth and delivery: smashing through the £6m revenue mark, doubling the dividend to our shareholder, executing on our investment plans to embrace technology and increase human capital, plus acquiring the UK's No 1 public sector tender information portal, bidstats.uk. In addition we continue to realise the considerable synergies between our Early Payment and SaaS businesses.

WHAT WE DO

Oxygen Finance specialise in payments control, the procurement process and public sector market insight. We are the UK's leading provider of Early Payment programmes to the public sector. Our organisation exists to help businesses thrive, and we save precious public sector resources allowing the continued delivery of services in our local communities. Since 2004, we've created financial benefits and improved social outcomes for the NHS, local government, and FTSE 100 companies.

IEG4

"Oxygen Insights neatly dovetails into our sales and marketing activities. It helps us identify new opportunities, streamline our analysis around spend, buyer and supplier data with ease. We obtain deep insights that drive, support and feed into our tactical decision making. The intuitive dashboards and custom reports give visibility for our team to access real-time and reliable data. Oxygen's customer support has been instrumental in ensuring a smooth transition, and optimised use of the platform's functionality."

Katherine Beswick, Marketing Manager, IEG4

EARLY PAYMENT

The core of Oxygen's business remains our Early Payment programmes. Oxygen is the dominant public sector provider in the UK market. This is unlikely to change given our two remaining competitors withdrew services in FY23.

Annual Early Payment revenues increased by 24% in 2023, to £4.0m. More than 90% of Oxygen's revenue growth came from enhancing existing client programmes, increasing supplier participation and improving payment processes. Our commercial model dictates that programme benefits are shared, so as our revenue grows so do the savings for our clients. Indeed, this is reflected in a Net Promoter Score (NPS, a measure of customer loyalty) of 68 from our Early Payment clients.

Pleasingly, in FY23 trade spend across our clients grew by 11.4%, to £26.8bn. The more our clients spend collectively, the greater the opportunity for suppliers to participate in our Early Payment programmes. As a result, supplier participation also grew, up 18.2% over the year to £1.3bn. In total, a record 4,900 suppliers received early payment. Continued high interest rates likely further incentivised suppliers to use our services to improve cash balances and reduce the administrative burden of collections.

This success meant we could deliver £11m of savings to our public sector clients in 2023, up 21% year-on-year. This takes the volume of rebates generated since Oxygen's inception to £54m, a fifth of which were generated in the last year. Indeed, 12 of our Early Payment clients have now received at least £1m in rebates since launching their programmes.

It is crucial that our programmes deliver payment to suppliers fast. This year we have worked hard with clients to reduce the average payment performance from a typical payment term of 30 days to 8 days for participating suppliers, and that is across the 375,000 invoices processed.

By significantly improving our clients' finance and procurement operations, alongside the savings and social value benefits generated, we continue to enjoy extremely high retention and renewal rates. Indeed, the deep relationships we build are evidenced by the fact that more than half our Early Payment clients now buy more than one product from us, up from 17% last year.

With a growing customer base and operation, we have invested £1.3m in technology and human capital, taking total employee numbers at year end from 57 to 72. We have chosen to make this investment to bring future revenue forward because we believe we can go faster. Early signs of the investment delivering include a record £385m new signed spend in 2023, with the full fruits of that result to be realised in subsequent years.

	2022	2023	22 v 23%
Clients	128	144	+13%
New Signed Spend	£330m	£385m	+17%
Participating Suppliers	10,108	20,186	+100%
Signed Spend	£1,117m	£1,309m	+17%
Gross Programme Earnings (GPE)	£8.6m	£11.0m	+28%
Revenue	£5.3m	£6.1m	+16%
EBITDA	£1.1m	£1.2m	+£0.1m
Proft After Tax	-£0.25m	£0.17m	+£0.42m

Our success in signing new clients in 2023 diluted average spend penetration into trade spend to 3.6%. However as these new clients mature, they will provide much of our future growth.

We continue to be fiercely proud of our FreePay product. The scourge of late payment is a determining factor in small business failure. Indeed, Creditsafe reports that 30,199 UK businesses were subject to an insolvency action in 2023, 52% more than in 2021. Oxygen remains committed to providing exceptional support to small businesses through FreePay, which enables our clients to expedite payments to small and micro firms at no cost.

In 2023 alone, clients used FreePay to pay £583m owed to 15,000 small, local businesses early (up from 8,200 small firms the year before) taking the total amount paid early via FreePay since its inception to £2bn. This commitment to support small business cashflows keep businesses alive and secures vital local jobs. FreePay is key to our social value commitment.

I am also delighted to report the strong performance of our partnership initiatives. Oxygen's early payment engagements are based on five-year contract periods. This gives us the time to build tight working relationships with our clients at all levels, from senior leadership to frontline operations. The trust formed has given us the latitude to identify potential optimisations within our client's Procurement and Finance operations and offer our clients new remedial services, such as AP recovery audits.

These products, delivered through partnerships, have generated over £250,000 revenue this year. We aim to be the interface helping buyers and suppliers to trade more effectively; providing more value-added services to these two groups.

These relationships are further deepened through Oxygen's continued sponsorship and organisational support of the Chief Procurement Officer (CPO) and P2P Advisory Forums. These UK-wide learning and discussion groups have attracted 100's of attendees over recent years from the nation's largest local authorities. These groups provide us with unique insight into our customers' needs to improve services and shape new products.

SAAS PRODUCTS

2023 was our SaaS division's best year yet for new business. Despite an increasingly competitive marketplace Oxygen Insights, our public sector information service, now boasts 98 clients, up from 81 in 2022. This is due in large part to successfully cross selling to our Early Payment client base.

We know that good technology needs to be backed-up by great customer service and to support that philosophy, we have continued to invest in our Insights products. Several new features are set for release in H1 2024, including greater use of AI through a partnership with Microsoft. We have also bolstered our SaaS customer success team, which has already resulted in an NPS of 57.

The £0.4m acquisition of bidstats.uk, the UK's No 1 tenders portal, is also significant. This highly-prized asset represented value, mitigates the need for us to build a similar capability inhouse, provides a fantastic source of leads from the 50,000 registered users. bidstats.uk has been profit generative from day one. The business users are exactly who our public sector customers want to engage with as they seek to create a resilient base of local suppliers. Combining bidstats.uk with our existing solutions means we can help even more businesses and public sector buyers trade.

HOW WE DO IT

Our people are the beating heart of Oxygen's success. Their commitment, dedication and passion fuel our growth and innovation. Our recent annual employee satisfaction survey speaks volumes: more than 90% of our staff participated, of which 96% said they would recommend working at Oxygen to their friends. Most importantly, 95% said they understood how their individual contributions align with our company objectives. This alignment is not accidental; it follows deliberate efforts to foster employee engagement and ensure everyone feels connected to our shared mission. With employee survey results as strong as these, it is no surprise that the average length of service across the team is approaching five years.

Achieving inclusivity and gender balance at all levels across the company remain an important objective. In 2023, our workforce was 53% male and 47% female– significantly better than the sector norm. Furthermore, 52% of our line and senior manager positions are held by women.

Oxygen also continues to offer hybrid working to all employees. This continues to improve our employee's work-life balance, with our team rating this 8 out of 10 for the second consecutive year. It has also significantly reduced travel and expenses. However, it has also had a noticeable impact on the office atmosphere and cross-team collaboration. For 2024, we have launched a coordinated set of days, every other month, where we ask different teams to come into the office to improve invaluable face-to-face interactions. We have named these events 'Forced Fun', and contrary to the name they have been welcomed by all!

NEWCASTLE CITY COUNCIL

"The Supplier Incentive Programme at Newcastle City Council is exceeding revenue targets, providing valuable income to the council whilst also helping us to support our supplier base and foster economic growth within the region.

"We're particularly proud of our FreePay Programme which has accelerated over £23m to local, small suppliers, paid more than 16,000 invoices early for free, and improved cash flow for over 300 suppliers."

Mark Nicholson, Chief Finance Officer, Newcastle City Council

OUTLOOK

We're expecting 2024 to be another record year for Early Payment client acquisitions. Nevertheless, we still expect the vast majority of medium-term revenue to be generated by clients already under contract, reinforcing the dependability of revenues generated under our model.

High interest rates and inflation have been, in the main, positive for our business. Suppliers seeking alternative financing options turned to early payment when interest rates were almost 0%. Now that rates have increased many times over, early payment is an even more compelling proposition.

The underfunding of public services has also dominated the news this year, with several councils having to serve Section 114 notices signalling effective bankruptcy. Our Early Payment programmes provide public sector organisations with an opportunity to use their balance sheet to accelerate payments to their suppliers in return for a small rebate, generating much-needed income to direct back into public services.

In addition, our Insights services provide both public sector buyers and their suppliers with a common source of intelligence on how public money is spent; where, what on and, crucially, who with. This transparency is the key to driving procurement efficiencies.

Legislative changes also present opportunities. The Procurement Act 2023 – expected to go live in autumn 2024 - will increase market participation by SME suppliers, growing our prospective pool of customers. This then places pressure on larger organisations, which will need the foresight our Insights solutions can provide to compete.

The management team is confident, our new business pipeline has never been stronger, our client relationships and installed programmes keep getting better and the exciting acquisition of bidstats.uk puts us in an advantageous position. Our technology investments, and new team members bring new capabilities and ideas. We are looking forward to a great 2024, delivering for our clients and shareholders and hopefully have some fun along the way – forced or otherwise!

Ben Jackson
Chief Executive Officer

25 March 2024

"It's been a year of growth and delivery: smashing through the £6m revenue mark, doubling the dividend to our shareholder, executing on our investment plans to embrace technology and increase human capital, plus acquiring the UK's No 1 public sector tender information portal, bidstats.uk."

£11.1m
OF SAVINGS GENERATED FOR PUBLIC SECTOR CLIENTS IN 2023

£583m
OF PAYMENTS ACCELERATED TO SMALL AND MICRO BUSINESSES IN 2023

UPPER-MEDIAN NET PROMOTER SCORE OF
71
FOR EARLY PAYMENT CLIENTS

£5.3bn
IN REBATABLE INVOICES PROCESSED TO DATE

31,000
AVERAGE SALES REBATES TRANSACTED MONTHLY IN 2023

£385m
OF NEW SIGNED SPEND IN 2023

GROUP STRATEGIC REPORT

Oxygen's financial results report record revenues, record EBITDA profits and record cash generation, reflecting the strength of our relationships with clients and their appreciation of the services we provide to them.

Oxygen's steadfast relationships with our clients is increasingly evident; Oxygen ends 2023 with clients benefiting from record levels of savings generated in the year and more than half of our Early Payment clients choosing to purchase additional products from our expanded product offering. In addition, Oxygen generated revenue of £250,000 by introducing partners to our client base to provide related services.

Oxygen continues to break records every month, with the cumulative benefit provided to clients and local communities becoming increasingly material. The predictable and growing income stream provided to our clients from early payment rebates generated is very much valued; total rebates generated during the year reached a new record of £11m, with the cumulative total since our inception now exceeding £50m. Separately, payments of £583m to over 15,000 small local suppliers were paid early during the year, bringing the cumulative total of transacted payments under our innovative FreePay programme to £2bn.

Our Enterprise-level Insights portfolio reached a record 98 clients. Market conditions adversely impacted pricing, resulting in minimal revenue growth. Our acquisition of bidstats.uk at the end of the year significantly expands our presence in this market, with a registered database of over 50,000 users providing exciting prospects for our expanded SaaS product offering in 2024.

Growing revenues and EBITDA increased Oxygen's cash generation, enabling us to fully fund the acquisition of bidstats.uk and invest more than £1m into the further development of our software technology solutions. In addition, we were able to double the dividend to our shareholder to £0.5m.

LONDON BOROUGH OF CROYDON

"The Premier Supplier Programme at Croydon Council has been a success, generating £5m in rebates and providing much-needed income for the council. The programme helps us support business growth within the local community and has delivered significant improvements to our processes and efficiency.

"Last year, Croydon Council began using Pipeline Manager. We were very impressed with the speed of implementation and the team is now using the solution to track tenders and contracts across over 500 procurement projects."

Scott Funnell, Head of Strategic Procurement and Governance, London Borough of Croydon

REVENUE

Total revenues grew by 16%, driven by strong performance in core Early Payment revenues, which increased by 24% over the prior year. SaaS revenues, principally from our Insights solutions, were maintained at £1.4m despite a tough market.

Oxygen's Early Payment revenue reached a new high of £4.0m. Our client portfolio continues to mature, with an average contract tenure of 7.1 years thanks to clients choosing to renew their contracts on completion of their initial term. Growth was primarily from existing clients, driven by systematic onboarding of suppliers onto rebate programmes. Five new Early Payment clients were added during the year, with a combined trade spend of £3bn. Oxygen's standardised supplier onboarding programme has begun for these clients, providing predictable revenue growth for 2024 and beyond. Oxygen continues to cross sell to our Early Payment clients, including both our expanded SaaS products and services provided by Oxygen's partners. This evidences the quality of our product set and the robustness of our client relationships.

Oxygen also signed up record numbers of clients to its SaaS services. However, revenue at £1.4m was flat compared to the previous year, with pricing adversely impacted by a very competitive market space. Consolidation is expected to provide opportunities, in addition to Oxygen's acquisition of bidstats.uk at the end of the year.

OPERATING PROFIT

Direct costs for both of Oxygen's recurring revenue streams are largely fixed. With gross margins exceeding 70%, Oxygen secured record EBITDA profits of £1.2m (2022: £1.1m). Employment costs increased during the year, with the year-end head count increasing from 57 to 72, expanding operational capacity to enable Oxygen to fully exploit revenue growth opportunities from existing clients in 2024 and beyond.

A reconciliation of operating loss to EBITDA is as follows:

	2023 £000	2022 £000
Operating loss per consolidated income statement	**(370)**	(198)
Add back depreciation and amortisation costs:		
Depreciation of tangible fixed assets (note 5)	**57**	68
Amortisation of intangible assets (note 5)	**1,543**	1,269
EBITDA profit	**1,230**	1,139

INVESTMENT

Oxygen continues to invest in attracting and onboarding new clients, delivering improvements in our technology, integrating the bidstats.uk acquisition, and increasing our product offering. Oxygen maintains this investment activity as a core competence, with a dedicated in-house implementation and development team. This enables us to respond quickly to our clients' needs. Investment in these intangible assets totalled £1.3m during the year, which will be amortised once projects are complete.

CURRENT STRATEGY

Our Vision – Financial technology delivering social value.

Our Mission – Oxygen helps businesses thrive and public sector organisations deliver economic and social benefit to our world.

Our Approach – Through progressive payment practices, big data and expertise, Oxygen allows public and private sector organisations to trade more effectively. Payments become frictionless, data becomes information, driving growth and efficiency and resulting in better social and economic outcomes.

CURRENT OBJECTIVES

Deepen Our Relationship With Our Clients

Payment solutions and SaaS recurring revenue streams remain the bedrock of our business, delivering client value growth and stability.

Establish New Products and Partnerships

Maintaining investment into expanded Solution and Product offerings through organic development and partnering will cement deeper relationships with clients, deliver incremental revenues and open new markets.

Be Recognised as a Provider of Social Value

Improvement of our early payment trading models will deliver social value for the public sector through increased savings generated for local authorities. Expansion of our FreePay solution and Insights Carbon product are key to our social value work. Our Environmental Social and Governance Report sets out our efforts and alignment with the UN's Sustainable Development Goals.

Andrew Price
Chief Financial Officer

25 March 2024

NORTH OF ENGLAND COMMERCIAL PROCUREMENT COLLABORATIVE

"We've got strong values in the organisation: integrity, caring and keeping it simple, and in essence Insights gives us a simple way to look at a particular supplier, or a customer or a market, and it helps us understand how we can get the best value for the NHS and ensure that patients get high value care."

Ruth Burns, Supplier Relationship Manager, North of England Commercial Procurement Collaborative

MANAGEMENT AND BOARD

JAMES VAN DEN BERGH

Chair

James is the CEO of TruFin. James spun TruFin out of Arrowgrass Capital Partners in 2018, where he led the alternative finance team and private business. He began his career at Merrill Lynch before transitioning into investment management in 2003. James is a CFA Charterholder.

BEN JACKSON

Chief Executive Officer

As CEO, Ben is responsible for company strategy, our social value commitment and Oxygen's continued rapid growth across geographies. Prior to joining Oxygen in 2009 as COO, Ben spent 15 years in procurement, supply chain and transformation, working internationally in telecoms, financial services and logistics sectors.

ANDREW PRICE

Chief Financial Officer

Andrew Price joined Oxygen in April 2020 and has over 20 years' experience as a CFO having served several fast-growing FTSE-listed and private equity-backed companies across a diverse range of sectors. Prior to joining Oxygen he was CFO of The Rigby Group Plc and a founding member of Cuadrilla Resources.

NINIAN WILSON

Non-Executive Director

Ninian Wilson is an Independent Non-Executive Director of Oxygen, having joined the Board in 2023. Ninian also serves as Group Procurement Director and Chief Executive of Vodafone Procurement Company. He was previously Operations Director for Royal Mail Plc and has held senior positions at Cable & Wireless Plc and Transco.

VICKI SLOANE

Chief Client Officer

Vicki is responsible for post-sales client delivery. Prior to joining Oxygen in 2012, Vicki worked in finance-related roles across different industries and as a consultant for KPMG and PwC. A qualified accountant, she has led projects including ERP implementations, shared services set-up and business process transformations.

ROB PARKER

Chief Technology Officer

Since joining Oxygen in 2016, Rob has been accountable for the technology strategy, data management, development and cross-functional delivery of the company's products and integrations. Rob has over 20 years' experience delivering high-quality and high-availability SaaS solutions, focussing on financial services.

DAVE ROUDEBUSH

Executive Vice President & General Manager Americas

David joined Oxygen in 2012 as Senior Vice President of Sales for North and South America. His past roles include positions as VP of Sales and Services for Peregrine Systems (sold to HP), Business Resource Group and Promisec, as well as COO of Planet Associates. He also served in the US Navy for five years.

SIMON WHITTLE

Early Payment Sales Director

Simon is responsible for growing Oxygen's UK Early Payment client base. Prior to joining Oxygen in 2015, Simon enjoyed a successful career with Royal Bank of Scotland, working in both the investment banking division and providing risk management solutions to the bank's regional clients.

CAMERON MAJOR

Insights Sales Director

Cameron leads new business sales for our Insights business. Prior to joining Oxygen in 2019, Cameron was responsible for managing the UK's largest government-awarded framework contract in the EAP industry, having previously held sales roles in the insurance and recruitment industries.

DIRECTORS' REPORT

The Directors of Oxygen Finance Group Limited (the "Company" or "Oxygen") present their report with the audited financial statements of the Company and the Group for the year ended 31 December 2023.

RESULTS AND DIVIDENDS

Having generated operating cashflow of £1,733,000 (2022: £1,532,000), the Directors were pleased to approve the Company's second ever dividend of £500,000, which was paid in November 2023 (£250,000 paid in December 2022).

The operating loss has increased from £198,000 in 2022 to £370,000 in 2023 as a result of increased amortisation charges relating to the profile of historic investment. The Group recognised a retained earnings after tax for the year of £171,000 (2022: retained loss £250,000), with the Group benefiting from Research and Development tax credits.

The Group remains debt-free with net assets of £6,154,000 (2022: £6,488,000).

PRINCIPAL ACTIVITY

Oxygen specialises in payments control, the procurement process and public sector market insight. We are also the UK's leading provider of Early Payment programmes.

Our organisation exists to help businesses thrive and deliver a wider benefit by funding public services within the local community.

Since 2004, we've created financial benefits and improved social value outcomes for the NHS, local and central government, and FTSE 100 companies.

Our products and services work together to make things run smoothly. Oxygen's Early Payment platforms get businesses paid faster, improve how public sector organisations buy and keep them compliant. They include FreePay, which lets organisations pay their small and micro suppliers early, for free. Our Insights solutions help our clients' sales and marketing teams understand how the public sector spends taxpayer money, helping them spend their prospecting time wisely.

Oxygen helps public and private organisations do business with each other. We make payments easier and faster, so organisations can trade more effectively, and use big data and payment expertise to deliver a better social outcome.

At the heart of our work is a skilled, dedicated team committed to great service and expertise in the public sector procurement process. We are determined to create a positive social impact for our clients and the people they serve.

DIRECTORS

The directors who held office during the year and up to the date of this report were as follows:

James van den Bergh
Chair

Ninian Wilson
Non-Executive Director
(appointed 1 December 2023)

Ben Jackson
Chief Executive Officer

Andrew Price
Chief Financial Officer

DIRECTORS' INSURANCE AND INDEMNITIES

Throughout the year the Company has maintained Directors and Officers liability insurance for the benefit of the Company, the Directors and its Officers. The Directors consider the level of cover appropriate for the business and will remain in place for the foreseeable future.

FUTURE DEVELOPMENTS

The Directors believe that Oxygen's product offering is well developed, robust and scalable. Oxygen's objective is to sign up more customers, sell more products to existing customers and benefit from inherent operational gearing.

In the medium term, Oxygen aims to continue its expansion in the UK public sector including through an expanded SaaS solutions offering.

GOING CONCERN

The Directors have completed an assessment of the Group's finances in light of the economic outlook and are of the view that the Group's cash generation and existing cash resources are sufficient to ensure adequate cashflow for the foreseeable future. The Directors believe there are no material uncertainties that call into doubt the Group's ability to continue as a going concern and there have been no significant events affecting the Group since the year end. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

Principal risks are a risk or combination of risks that, given the Group's current position, could seriously affect the performance, future prospects or reputation of the Group. These risks could potentially threaten the businesses, performance, solvency or liquidity, or prevent the delivery of the strategic objectives. The Board has overall responsibility for ensuring that risk is appropriately managed across the Group.

As well as external reviews and audits from the Group's statutory auditors, the Group has internal checks and policies. Initial responsibility rests with the management team for identifying and managing risks arising in their business areas. This is augmented by the Group's central compliance and finance function with responsibility for reporting to the Board.

The key risks identified and which the Board has reasonable expectation are appropriately mitigated are:

- **Strategic risk** – Strategic and business risk is the risk which can affect the Group's ability to achieve its corporate and strategic objectives. The risk on the performance of the Group arising from its strategic decisions, change in the business conditions, improper implementation of decisions or lack of responsiveness to industry changes. It is particularly important as the Group continues its growth strategy. The Group will not put its core strategic and business objectives at a level of risk which is beyond its financial resources and operational capabilities. The Group will monitor and continually review this risk.
- **Operational risk** – The risk of financial loss and/or reputational damage resulting from inadequate or failed internal processes, people and systems or from external events. The exposure to operational risk has increased from the previous year as the businesses have grown. Mitigating factors are: the Group reviews its operational infrastructure to ensure that it is secure and fit for purpose, the Group maintains a strong internal control environment and the Group has also factored in the strengthening of processes and systems.

DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

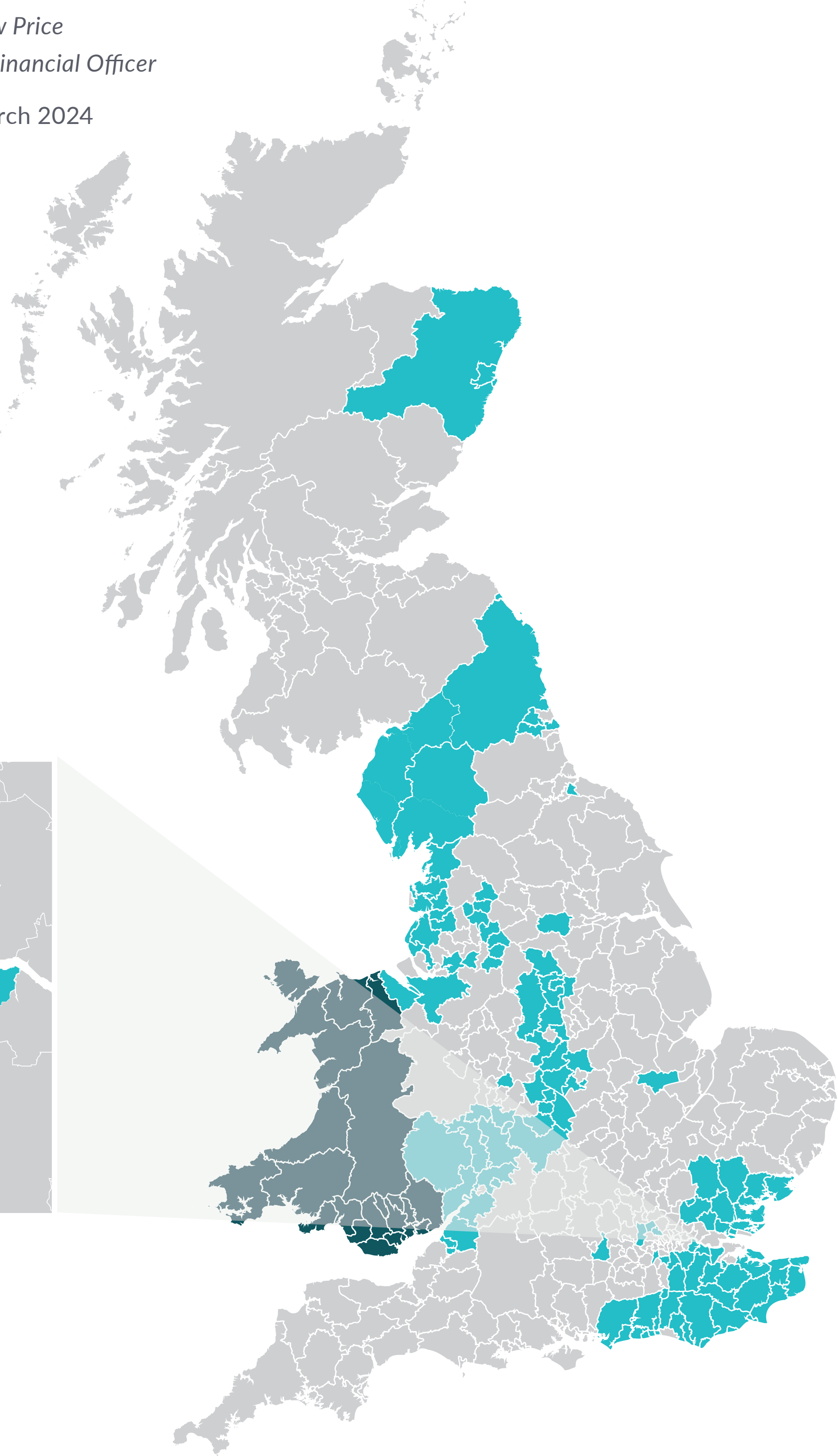
AUDITOR

Pursuant to Section 487 of the Companies Act 2006, Crowe U.K. LLP will be deemed to be reappointed and will therefore continue in office.

By order of the Board

Andrew Price
Chief Financial Officer

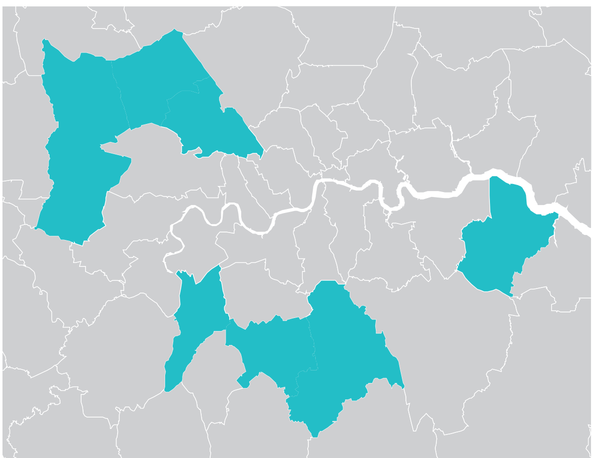
25 March 2024



EARLY PAYMENT UK COVERAGE

Oxygen Finance continues to expand its early payment coverage of the UK's public sector.

Oxygen's London coverage



Local authorities

NHS Wales

ENVIRONMENTAL SOCIAL AND GOVERNANCE ("ESG") AND SUSTAINABILITY REPORT

At Oxygen, our purpose is balanced between delivering both economic and social benefit to our clients. We aim to achieve this whilst positively impacting local communities, supporting the suppliers we work with and providing our people with a rewarding place to work.

Technology is the engine room of Oxygen's operations. It seems only fitting therefore that some of the responsibility for driving ESG good practice in our organisation sits with the technology team, led by myself. In particular, Oxygen's role as a facilitator promoting public sector procurement practices that drive societal, environmental and efficiency benefits up and down the supply chain, chiefly stems from our digitally driven products: Early Payment and FreePay, Oxygen Insights including Insights Carbon, and bidstats.uk.

SUPPORTING LOCAL ECONOMIES

Take FreePay as a case-in-point. Introduced in 2017, FreePay aligns perfectly with the public sector's commitment to social responsibility. This unique product enables public organisations to inject liquidity into small and micro firms, fostering economic growth. With FreePay, buyers can support local economies, transform supplier experiences and contribute positively to their part of the public sector.

The benefits extend beyond financial gains - FreePay enhances relationships between buyers and suppliers, promotes transparency in purchase-to-pay practices and, in doing so, ensures timely payments. As councils and public bodies embrace FreePay, they not only improve their own efficiency, but also empower the businesses that form the backbone of their supply chains. In 2023, four additional clients implemented FreePay, ensuring that 254,000 invoices were paid early. Since inception, FreePay has paid £2bn of invoices early.

PLANNING A BETTER PLANET

One key benefit of Oxygen's close relationships with our customers is their willingness to share the big problems they are struggling to solve. Our clients told us they needed to be at the forefront of addressing the climate emergency; we developed Insights Carbon as a vital tool to help them do just that. Rolled out over the last year and built on top of our existing Insights product, Insights Carbon provides public bodies with free, real-time insights into the carbon footprint associated with their third-party spending.

Used alongside our core Insights product, public sector organisations can track spend per category and estimated emissions to make informed decisions that align with their net-zero commitments. Whether it's reducing emissions from transportation, energy-intensive processes, or waste management, Insights Carbon empowers buyers to drive positive change. As of today, 60 public bodies are now using Insights Carbon as a touchstone of their net-zero strategy.

IMPROVING PUBLIC SERVICES

This year we also made a significant acquisition designed to further facilitate efficient public sector procurement between buyers and suppliers. Purchased in November 2023, bidstats.uk collects, aggregates, and organises tender information from over 3,000 data sources, creating a one-stop-shop for suppliers looking for new public sector contracts.

In doing so, bidstats.uk boosts supplier participation, driving efficiencies whilst also activating smaller firms which may otherwise be unaware of upcoming public tenders. Around 25,000 organic weekly visitors and over 50,000 registered users demonstrate the breadth of the solution, which will form a central part of our plans in 2024.

ENVIRONMENTAL SOCIAL AND GOVERNANCE ("ESG") AND SUSTAINABILITY REPORT CONT...

UN SUSTAINABLE DEVELOPMENT GOALS

To ensure that Oxygen's ESG efforts are aligned to a common language of sustainability, we took the decision this year to align our own ESG efforts with the UN's Sustainable Development Goals (SDGs). The UN SDGs are a collection of 17 interconnected goals designed to drive global progress towards a more environmentally and socially responsible world by 2030.

The tables below show where we believe our business has been able to contribute towards the achievement of these goals this year.

UN SDGS OXYGEN IMPACTS

These are the UN SDGs where we believe our activities have had the most significant impact.

MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

	RELEVANT UN TARGETS	KEY IMPACTS	2023 PROGRESS
11 SUSTAINABLE CITIES AND COMMUNITIES	11.1 11.2 11.3 11.6	• FreePay will allow our clients to pay their small and micro suppliers early without charge. • By generating savings for the public sector we will help deliver better frontline services. • Our stewardship of the CPO and P2P Forums will facilitate better public procurement.	• 15,000 small and micro businesses benefited from FreePay this year, with £583m paid early. • Our Early Payment programmes have generated £11m in savings across 56 clients this year. • Over 70 senior client representatives attended the CPO and P2P forums in 2023.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2 12.5 12.6 12.7	• By quantifying CO2-emitting supplier activities, Insights Carbon will help organisations tackle the climate emergency. • Oxygen Insights and bidstats.uk will drive more efficient, best-value procurement, supporting local jobs and better public service delivery for all. • We will help our staff reduce the impact of their commute on the environment.	• 963 public sector professionals are now using Insights Carbon to evaluate their Scope 3 CO2 emissions. • 260,000 public sector tenders were ingested and published by bidstats.uk this year for the use of our users. • Oxygen has managed 85,000 Insights sessions and sent 350,000 Insights email notifications this year. • We have launched schemes that have helped staff cycle to work and drive electric vehicles.

ENVIRONMENTAL SOCIAL AND GOVERNANCE ("ESG") AND SUSTAINABILITY REPORT CONT...

UN SDGS OXYGEN CONTRIBUTES

While our primary focus has been on the impact on the aforementioned goals, our activities have also enabled us to contribute toward the achievement of these additional UN SDGs.

END POVERTY IN ALL ITS FORMS EVERYWHERE

ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES

	RELEVANT UN TARGETS	KEY IMPACTS	2023 PROGRESS
1 NO POVERTY	1.1 1.2	• We want to help our people make a wider contribution.	• This year we launched a new payroll charitable giving scheme for all employees. • All staff can take up to two volunteering days a year.
3 GOOD HEALTH AND WELL-BEING	3.1 3.4	• We will give our people the support they need to maintain good physical and mental health. • Oxygen will support to our staff to help them maintain a healthy work-life balance.	• Oxygen continues to provide staff with health cover, including remote GP access and mental health support. • We held our second company-wide World Mental Health Day event in 2023. • Oxygen continues to operate as a 100% hybrid working employer, with every employee entitled to flexible working.
10 REDUCED INEQUALITIES	10.1 10.2	• Oxygen commits to operating as a Living Wage employer. • We will continue to focus on workplace equality.	• All staff continue to be paid a Living Wage. • 47% of our workforce is female, surpassing the average UK FinTech gender distribution of 28% female and 72% male (EY, 2023).

Oxygen believes our role is to build business processes that benefit everyone; working together to facilitate frictionless trade using technology that is fit for the future. But as our business matures, Oxygen recognises that we have other responsibilities too.

The board's decision to measure Oxygen's contribution towards the success of the UN Sustainable Development Goals demonstrates how seriously we take that responsibility, and I look forward to sharing our progress with you again next year.

Rob Parker
Chief Technology Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in conformity with the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXYGEN FINANCE GROUP LIMITED

for the year ended 31 December 2023

OPINION

We have audited the financial statements of Oxygen Finance Group Limited (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Parent Company Balance Sheets, Consolidated and Parent Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and the financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosures Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXYGEN FINANCE GROUP LIMITED CONT...

OTHER INFORMATION

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXYGEN FINANCE GROUP LIMITED CONT...

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management; timing and recognition of income and posting of unusual or complex transactions or journals. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases, testing the timing and recognition of revenue, we have also tested a sample of journals to confirm they were appropriate and in line with standard business processes.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXYGEN FINANCE GROUP LIMITED CONT...

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Mark Evans (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

2nd April 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	2023 £000	2022 £000
Revenue	4	6,147	5,280
Cost of sales		(1,797)	(1,580)
Gross profit		4,350	3,700
Administrative expenses		(4,720)	(3,898)
Operating loss	5	(370)	(198)
Interest payable and similar expenses	9	(13)	(447)
Loss before tax		(383)	(645)
Tax on loss	10	554	395
Profit/(loss) for the year		171	(250)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations		(5)	14
Total comprehensive profit/(loss) for the year		166	(236)

The results above relate to continuing operations.

The accompanying notes on pages 33 to 53 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

at 31 December 2023

	Note	31 December 2023 £000	31 December 2022 £000
Fixed assets			
Intangible assets	12	5,913	5,748
Tangible assets	13	177	234
		6,090	5,982
Current assets			
Trade and other receivables	14	1,694	1,394
Cash		358	919
		2,052	2,313
Total assets		8,142	8,295
Current liabilities			
Trade and other payables	15	(1,841)	(1,591)
Non-current liabilities			
Trade and other payables	16	(147)	(216)
Total liabilities		(1,988)	(1,807)
Net assets		6,154	6,488
Equity attributable to equity holders of the parent			
Share capital	19	1	1
Share premium account		27,142	27,142
Capital reserve	20	12,750	13,250
Foreign exchange reserve		53	58
Profit and loss account		(33,792)	(33,963)
Total equity		6,154	6,488

These financial statements were approved by the board of directors on 25 March 2024 and were signed on its behalf by:

A C Price
Director

Company registered number: 11010451

The accompanying notes on pages 33 to 53 form an integral part of these financial statements.

PARENT COMPANY BALANCE SHEET

at 31 December 2023

	Note	31 December 2023 £000	31 December 2022 £000
Fixed assets			
Investments	11	29,864	32,749
Current assets			
Trade and other receivables	14	6,904	7,145
Total assets		36,768	39,894
Current liabilities			
Trade and other payables	15	-	(29)
Total liabilities		-	(29)
Net assets		36,768	39,865
Equity attributable to equity holders of the parent			
Share capital	19	1	1
Share premium account		27,142	27,142
Capital reserve	20	12,750	13,250
Profit and loss account		(3,125)	(528)
Total equity		36,768	39,865

These financial statements were approved by the board of directors on 25 March 2024 and were signed on its behalf by:

A C Price
Director

Company registered number: 11010451

The accompanying notes on pages 33 to 53 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Share capital £000	Share premium account £000	Capital reserve £000	Foreign exchange reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2022	1	27,140	-	44	(33,713)	(6,528)
Issue of shares (note 19)	-	2	-	-	-	2
Waiver of intercompany debt	-	-	13,500	-	-	13,500
Dividend paid to TruFin plc	-	-	(250)	-	-	(250)
Loss for the year	-	-	-	-	(250)	(250)
Other comprehensive income for the year	-	-	-	14	-	14
Balance at 31 December 2022	1	27,142	13,250	58	(33,963)	6,488
Balance at 1 January 2023	1	27,142	13,250	58	(33,963)	6,488
Dividend paid to TruFin plc	-	-	(500)	-	-	(500)
Profit for the year	-	-	-	-	171	171
Other comprehensive income for the year	-	-	-	(5)	-	(5)
Balance at 31 December 2023	1	27,142	12,750	53	(33,792)	6,154

The accompanying notes on pages 33 to 53 form an integral part of these financial statements.

Share capital
Share capital represents the nominal value of equity share capital issued.

Share premium account
The share premium account represents the premium paid for new equity shares issued above their nominal value.

Capital reserve
The capital reserve arose as a result of the waiver of intercompany debt by TruFin plc in September 2022. This reserve is distributable.

Foreign exchange reserve
The foreign exchange reserve represents exchange differences which arise on consolidation from the translation of the financial statements of the foreign subsidiary incorporated in the USA – Oxygen Finance Americas Inc.

Profit and loss account
The profit and loss account represents cumulative net gains and losses.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Share capital £000	Share premium account £000	Captial reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2022	1	27,140	-	(444)	26,697
Issue of shares (note 19)	-	2	-	-	2
Waiver of intercompany debt	-	-	13,500	-	13,250
Dividend paid to TruFin plc	-	-	(250)	-	(250)
Total recognised income and expense for the year	-	-	-	(84)	(84)
Balance at 31 December 2022	1	27,142	13,250	(528)	39,865
Balance at 1 January 2023	1	27,142	13,250	(528)	39,865
Dividend paid to TruFin plc	-	-	(500)	-	(500)
Total recognised income and expense for the year	-	-	-	(2,597)	(2,597)
Balance at 31 December 2023	1	27,142	12,750	(3,125)	36,768

The accompanying notes on pages 33 to 53 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	Year ended 31 December 2023 £000	Year ended 31 December 2022 £000
Cash flows from operating activities		
Loss before tax for the year	(383)	(645)
Adjustments for:		
Depreciation and amortisation	1,600	1,337
Finance expenses	13	447
(Increase)/decrease in trade and other receivables	(100)	128
Increase/(decrease) in trade and other payables	249	(210)
Net cash inflow from before taxation	1,379	1,057
Tax received	354	475
Net cash inflow from operating activities	1,733	1,532
Cash flows from investing activities		
Capitalised development expenditure	(1,293)	(1,270)
Acquisition of bidstats.uk	(415)	-
Net cash outflow from investing activities	(1,708)	(1,270)
Net cash inflow before financing activities	25	262
Cash flows from financing activities		
Dividends paid	(500)	(250)
Repayment of principal portion of lease liability	(68)	(17)
Interest paid	(13)	(12)
Net cash outflow from financing activities	(581)	(279)
Net decrease in cash	(556)	(17)
Foreign exchange differences	(5)	15
Cash at start of year	919	921
Cash at end of year	358	919

NOTES

(forming part of the financial statements)

1. GENERAL INFORMATION

Oxygen Finance Group Limited ("The Company") is a private company and is incorporated and domiciled in the United Kingdom, registration number 11010451.

The registered office is 1st Floor, Enterprise House, 115 Edmund Street, Birmingham, B3 2HJ.

The Company is a holding company of a group of companies whose principal activities is to promote social and environmentally efficient procurement solutions between public and private sector organisations. The Group's operations are based in both the UK and the USA.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101) and the Companies Act 2006.

The financial statements have been prepared on a historical cost basis and on a going concern basis. The financial statements are presented in Pounds Sterling, which is the currency of the primary economic environment in which the Group operates. Amounts are rounded to the nearest thousand.

The Company has taken the exemption from presenting its unconsolidated profit and loss account under section 408 Companies Act 2006.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all years, unless otherwise stated.

2.2 Financial reporting standard 101 – reduced disclosure exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets and related party transactions.

2.3 Going concern

As stated in the Director's Report, the Directors have completed an assessment of the Group's finances in view of the economic outlook and are of the view that the Group's cash holdings are sufficient to ensure adequate cashflow for the foreseeable future. The Directors believe there are no material uncertainties that call into doubt the Group's ability to continue as a going concern and there have been no significant events affecting the Group since the year end. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

2.4 Foreign currency

The Company's functional and presentational currency is GBP.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract and when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The split of revenue is as follows:

Transactional fee income from Early Payment Programme Services ("EPPS") contracts

The Company's Early Payment Programme Services generates rebates (i.e. discounts on invoice value) for its clients by facilitating the early payment of supplier invoices. The Company's single performance obligation is to make its intellectual property and software platform available to its clients for the duration of their contracts.

The Company bills its clients monthly for a contractually agreed share of supplier rebates generated by their respective Early Payment Programmes during the month. This revenue is recognised in the month the rebates are generated. Revenue is accrued over the period of the assessment.

Software as a service ("SaaS") – including Oxygen Insights, bidstats.uk and other software services

SaaS products offered by the Company provide focussed public sector procurement data and analytics on a subscription basis. Clients cover both the Private sector, enabling them to improve and develop their engagement with the public sector, and Public sector organisations, enabling them to make more informed procurement decisions. The Company bills its clients for the contractually agreed period and revenue is recognised evenly of the period of the subscription.

Partnership income

The Company partners with other suppliers to provide procurement services and solutions to clients. Revenue is accrued as the services are provided.

Other Services – Consultancy Fees

The Company provides stand-alone advisory services to clients. Revenue is accrued as the underlying services are provided to the client.

2. ACCOUNTING POLICIES (CONTINUED)

2.6 IFRS 16 – leases

In accordance with the exemptions provided by paragraph 5 of the standard, the company has elected to apply IFRS 16 to all of its leases, except for the following:

- shortterm leases, with a lease term of 12 months or less as of the commencement date;
- leases for which the underlying asset is of low value (equivalent of below £5,000), based on the value of the asset when it is new; and
- variable lease payments without minimum guaranteed consideration that, by definition, cannot be considered firm and therefore do not constitute lease liabilities to be recognised in the balance sheet.

Recognition of leases under IFRS 16

Under IFRS 16, for each affected lease, the following items are recognised in the balance sheet as of the commencement date:

- a lease liability, corresponding to the present value of all fixed future payments for the estimated term of the lease. The current and non-current portions of the liability are presented separately. Fixed future lease payments include the remeasurement of any payments that depend on an index or a growth rate established in the lease. They may also include the value of any purchase options or estimated penalties for terminating the lease, where the company is reasonably certain to exercise these options. In addition, any lease incentives receivable as of the commencement date are deducted from fixed payments;
- a right-of-use asset, corresponding to the value of the lease liability less any incentives received from the lessor and plus any prepaid lease payments, initial direct costs and the estimated cost of restoring the asset where required by the terms and conditions of the lease.

After the commencement date and at each reporting date the lease liability is remeasured as follows:

- an increase reflecting the discounting adjustments made over the period depending on the incremental borrowing rate applied to the lease, with a corresponding entry to "Interest expense on leases", a new line item included within "Interest payable and similar charges" in the income statement; a reduction reflecting the lease payments made over the period, with a corresponding entry to "Cash and cash equivalents" in the Statement of financial position;
- an increase reflecting any revisions to the index or growth rate applicable to the lease payments, where appropriate, with a corresponding entry to "Right-of-use assets" in the Statement of financial position;
- an increase or a reduction reflecting the remeasurement of future lease payments further to a change in the estimated lease term, with a corresponding entry to "Right-of-use assets" in the Statement of financial position;

The right-of-use asset is remeasured as follows:

- a reduction reflecting the depreciation of the asset on a straight-line basis over the term of the lease, with a corresponding entry to "Depreciation of right-of-use assets" within "Amortisation, depreciation & write off" in the Statement of comprehensive income;
- a reduction reflecting the potential impairment of right-of-use assets, with a corresponding entry to "Amortisation, depreciation & write off" in the Statement of comprehensive income;
- an increase reflecting any revisions to the index or growth rate applicable to the lease payments, where appropriate, with a corresponding entry to "Lease liabilities" in the Statement of financial position; and
- an increase or a reduction reflecting the remeasurement of future lease payments further to a change in the estimated lease term, with a corresponding entry to "Lease liabilities" in the Statement of financial position.

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Interest income and expense

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

The Effective Interest Rate ("EIR") is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs and all other premiums or discounts.

The interest income/expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (that is, to the amortised cost if the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

Intangible assets with finite lives are stated at acquisition or development cost less accumulated amortisation and less any identified impairment. The amortisation period and method are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates.

Intangible assets comprise the directly attributable costs incurred at the beginning of a project. These implementation (or "set up") project costs are comprised primarily of employee costs. Projects include:

- Software development costs; and
- Early Payment Scheme Service contracts to revise a client's existing payment systems and provide access to the Company's software and other intellectual property.

The useful economic life for each individual asset is deemed to be the term of the Client Contract (generally 5 years) or software development project (3 years) which has been deemed appropriate and for impairment review purposes, projected cash flows have been discounted over this period.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	5 years (over the lease term)
Office equipment	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.13 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.14 Research and development

The Group undertakes research and development activities with the aim of making improvements to the payment platform technology. Research costs are expensed as incurred and development costs (principally staff and consultancy costs) are treated as intangible assets and are amortised and reviewed for impairment at each balance sheet date and when events or changes in circumstances indicate the carrying value may not be recoverable.

2. ACCOUNTING POLICIES (CONTINUED)

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Financial Instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

At amortised cost.

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This 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 through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.19 Government Grants

Government Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Government Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in the profit and loss in the period in which they become receivable. These grants are deducted from the expense that the grant is related to.

3 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management's judgment, which, where necessary, have to be made in the course of preparation of the financial statements.

The Company determines estimates and assumptions that affect the reported amounts of assets and liabilities for the next financial period. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Actual results may differ from these estimates.

Estimates and judgments are evaluated on a continuous basis, and are based on past experiences and other factors, including expectations with regards to future events. The application of accounting policies and management's judgments for certain items are especially critical for the Company's results and financial situation due to their materiality.

The judgments and estimates that have a significant effect on the amounts recognised in the historical financial information are noted below.

Critical accounting judgments

Impairment reviews of intangible assets – the Company performs impairment reviews at the reporting period end to identify intangible assets that have a carrying value that is in excess of its recoverable amount. Determining the recoverability of intangible assets requires judgment in both the methodology applied and the key variables within that methodology. Where it is determined that an asset is impaired, its carrying value will be reduced to its recoverable amount with the difference recorded as an impairment charge in the income statement.

EPPS set up costs – the Company capitalises the direct costs of implementing EPPS contracts for clients. These costs are essential to the satisfaction of the Company's performance obligation under that contract, and accordingly the Company considers that these costs meet the applicable criteria for recognition as contract assets.

4. REVENUE

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

	2023 £000	2022 £000
Early payment fees	4,041	3,247
Software as a Service (SaaS)	1,392	1,387
Partnership income	250	90
Other services	464	556
	6,147	5,280
Arising in the UK	5,795	4,905
Arising in the USA	352	375
	6,147	5,280

5. OPERATING LOSS

Operating loss is stated after charging the following:

	2023 £000	2022 £000
Depreciation of tangible fixed assets	57	68
Amortisation of intangible assets, including goodwill	1,543	1,269

6. AUDITOR'S REMUNERATION

	2023 £000	2022 £000
Fees payable to Crowe U.K. LLP:		
Audit of the annual accounts of the parent company, Oxygen Finance Group Limited	15	15
Audit of the financial statements of the company's subsidiaries for period to 31 Dec	21	21
Total audit fees	36	36

7. STAFF NUMBERS AND COSTS

The average number of persons (including executive directors) employed by the Group during the year was:

	Number of employees	
Group	**2023**	**2022**
Management and operational support – UK	62	54
Management and operational support – USA	4	4
	66	58

The number of persons employed at 31 December 2023 was 72 (2022: 57).

The aggregate payroll costs of these persons were as follows:

Group	2023 £000	2022 £000
Wages and salaries	3,971	3,432
Social security costs	438	417
Contributions to defined contribution pension plans	116	102
	4,525	3,951

The Company has no employees other than the directors. All staff are employed by the two subsidiary companies in the UK and the USA.

8. DIRECTORS' REMUNERATION

	2023 £000	2022 £000
Directors' emoluments	489	484

During the year ended 31 December 2023, the aggregate emoluments of the highest paid director were £291,000 (2022: £287,000) including company contributions to the directors money purchase pension plan of £8,000 (2022: £8,000).

9. FINANCE EXPENSES

Group	2023 £000	2022 £000
Interest payable and similar expenses		
Finance charge on lease liability for assets-in-use	13	12
Interest payable on amounts due to TruFin plc	-	435
	13	447

10. TAXATION

Recognised in the income statement

Group	2023 £000	2022 £000
Corporation tax		
UK corporation tax at 23.52% (2022:19%)	(200)	(395)
Adjustments in respect of prior periods	(104)	-
Total current tax income	(304)	(395)
Deferred tax		
Origination and reversal of timing differences	(250)	-
Taxation on loss on ordinary activities	(554)	(395)

Deferred tax asset

Group	2023 £000	2022 £000
Fixed asset timing differences	(625)	-
Losses and other deductions	875	-
Total deferred tax asset	250	-
Asset at start of period	-	-
Deferred tax charged in the Statement of Comprehensive Income for the period	250	-
Asset at end of period	250	-
Deferred tax asset not recognised	8,325	8,647

10. TAXATION (CONTINUED)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 23.52% (2022 - 19%). The differences are explained below:

Group	2023 £000	2022 £000
Loss before tax for the year	(383)	(645)
Tax using the UK corporation tax rate of 23.52% (2022: 19%)	(90)	(123)
Expenses not deductible for tax purposes	53	56
Other permanent differences	1	-
Adjustment to tax charge in respect of prior periods	(104)	-
R+D tax credit	(96)	(395)
Use of losses brought forward	(81)	-
Deferred tax asset not recognised	(237)	67
Total tax income for the year	(554)	(395)

Effective from 1 April 2023, the main rate of UK corporation tax increased from 19% to 25%. Tax has been calculated based on the rate of 23.52% which was the effective rate for the year.

A deferred tax asset of £250,000 in respect of losses has been recognised in the period. The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Group has estimated accumulated tax trading losses of £36,776,000 (2022: £36,970,000) which are available for offset against future taxable income.

11. INVESTMENTS IN SUBSIDIARIES

Company	Shares in subsidiary undertakings £000
Cost	
At 1 January 2023	32,749
Additions	55
At 31 December 2023	32,804
Provision for impairment	
At 1 January 2023	-
Impairment charge for the year	(2,940)
At 31 December 2023	(2,940)
Net book value	
At 1 January 2023	32,749
At 31 December 2023	29,864

During the period, the Company capitalised loans due from subsidiary companies of £55,000 (2022: £60,000).

Following an impairment review, a provision for impairment of £2,940,000 regarding the investment of Oxygen Finance Americas Inc was made in the year (2022:nil).

The subsidiaries of the Company are as follows:

	Country of Incorporation	Registered Address	Nature of business	Ownership
Oxygen Finance Limited	UK	1st Floor, Enterprise House, 115 Edmund Street, Birmingham, B3 2HJ, UK	Provision of Early Payment Services and Software Subscriptions	100%
Oxygen Finance Americas Inc	USA	9901 Brodie Lane, Suite 160 #304 Austin Tx, 78748, USA	Provision of Early Payment Services	100%
Birmingham Procurement Limited	UK	1st Floor, Enterprise House, 115 Edmund Street, Birmingham, B3 2HJ, UK	Not trading	100%

12. INTANGIBLE ASSETS

Group	Development expenditure £000	Separately identifiable intangible assets £000	Goodwill £000	Total £000
Cost				
At 1 January 2022	6,034	1,387	1,372	8,793
Additions – internal	1,219	-	-	1,219
Additions – external	47	-	-	47
Disposals	(75)	-	-	(75)
Foreign exchange movement	4	-	-	4
Balance at 31 December 2022	7,229	1,387	1,372	9,988
At 1 January 2023	7,229	1,387	1,372	9,988
Additions – internal	1,230	-	-	1,230
Additions – external	29	36	-	65
Acquisition of business – bidstats.uk	-	296	119	415
Disposals	(182)	-	-	(182)
Foreign exchange movement	(2)	-	-	(2)
Balance at 31 December 2023	8,304	1,719	1,491	11,514
Amortisation				
At 1 January 2022	(2,098)	(948)	-	(3,046)
Amortisation charge for the year	(991)	(278)	-	(1,269)
Disposals	75	-	-	75
Balance at 31 December 2022	(3,014)	(1,226)	-	(4,240)
At 1 January 2023	(3,014)	(1,226)	-	(4,240)
Amortisation charge for the year	(1,382)	(161)	-	(1,543)
Disposals	182	-	-	182
Balance at 31 December 2023	(4,214)	(1,387)	-	(5,601)
Net book value				
At 31 December 2023	4,090	332	1,491	5,913
At 31 December 2022	4,215	161	1,372	5,748

Amortisation charges are recognised within administrative expenses in the Statement of Comprehensive Income.

Development expenditure – The useful economic life for each individual development expenditure asset is deemed to be the term of the underlying project (normally 3-5 years) which has been deemed an appropriate basis for the amortisation.

Goodwill (Porge) – Goodwill of £2,759,000 arose from the acquisition of Porge by the Group in August 2018. Following the acquisition, separately identifiable intangible assets of £1,387,000 primarily relating to the value of the contracts in the business at acquisition were recognised. These are being amortised over 5 years resulting in an amortisation charge of £161,000 (2022: £278,000) during the year. The Net Book Value of these assets at 31 December 2023 was £nil (2022: £161,000). Goodwill related to this transaction excluding these assets at 31 December 2023 was £1,372,000 (2022: £1,372,000).

Goodwill (bidstats.uk) – On 9 November 2023, Oxygen Finance Limited acquired the business of bidstats.uk at a cost of £415,000. Separately identifiable assets of £296,000 were identified relating to the value of the customer relationships and the technology. These are to be amortised over 5 years commencing 1 Jan 2024. Goodwill of £119,000 has arisen on the acquisition and this will be reviewed annually for impairment. Subsequent to the acquisition, additions of £36,000 have been made and as at 31 December 2023, the net book value of the bidstats.uk assets total £451,000.

13. TANGIBLE FIXED ASSETS

Group	Office equipment £000	Right of use asset £000	Total £000
Cost			
At 1 January 2022	29	226	255
Additions	3	276	276
Disposals	(25)	(226)	(251)
Balance at 31 December 2022	4	276	280
At 1 January 2023 and 31 December 2023	4	276	280
Depreciation			
At 1 January 2022	(25)	(204)	(229)
Charge for the year	(2)	(66)	(68)
Disposals	25	226	251
Balance at 31 December 2022	(2)	(44)	(46)
At 1 January 2023	(2)	(44)	(46)
Charge for the year	(2)	(55)	(57)
Balance at 31 December 2023	(4)	(99)	(103)
Net book value			
At 31 December 2023	-	177	177
At 31 December 2022	2	232	234

The right of use asset relates to the lease of an office building.

14. TRADE AND OTHER RECEIVABLES

Group	2023 £000	2022 £000
Current		
Trade receivables	391	325
Other receivables	285	363
Prepayments and accrued income	747	683
Amounts owed by parent company – TruFin plc	21	23
Deferred tax asset	250	-
	1,694	1,394

Company	2023 £000	2022 £000
Current		
Amounts owed by subsidiary undertakings	6,867	7,077
Other receivables (note 21)	37	68
	6,904	7,145

15. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group	2023 £000	2022 £000
Current		
Trade payables	221	186
Social security and other taxes	258	268
Right of use liability (note 18)	69	67
Other creditors	1	1
Accruals and deferred income	1,292	1,069
	1,841	1,591

Company	2023 £000	2022 £000
Current		
Amounts owed to subsidiary undertakings	1	29
	1	29

16. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Group	2023 £000	2022 £000
Non-current **More than one and less than five years**		
Right of use liability (note 18)	147	216

17. FINANCIAL INSTRUMENTS

The Directors consider that the fair value of the Group and Company's financial assets and liabilities are not considered to be materially difference from their book values.

Group	31 December 2023 £000	31 December 2022 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	676	688
Financial liabilities		
Financial liabilities measured at amortised cost	221	186

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, and arises principally from the Group's receivables from customers.

The Group trades only with recognised, creditworthy third parties and customers are typically local councils which carry an inherently lower credit risk. The maximum exposure to credit risk at the balance sheet date is the trade receivables balance as set out in note 14. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debt is not significant.

The bad debt charge for the year was £nil (2022: £nil).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's strategy is to mitigate liquidity risk by applying revenue growth and cash generation targets across the Group and by careful management of expenditure on overheads.

The Group prepares cash flow information on a regular basis which is reviewed by the Directors and senior management to ensure that as far as possible it will have sufficient liquidity to meet its liabilities when due. Contractually, all liabilities at 31 December 2023 fall due for payment within one year, with the exception of the lease on the office building which is paid quarterly over the coming four years. Management have reviewed the forecast cash requirements of the Group for the following 12 months and have satisfied themselves that the Group will be able to meet its external liabilities as they fall due.

Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Exposure to currency, interest rate and credit risks arise in the normal course of the Groups business.

The Group's exposure to foreign currency risk is not considered to be significant.

The Group does not have any interest bearing borrowings and so interest rate risk is not considered to be significant.

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group adopts IFRS16 – Leases, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for periods commencing after 1 January 2019.

The Group believes that there is no readily available means of determining the interest rates implicit in its leases and has thus elected to apply the incremental borrowing rate of 5% pa. The lease is repayable in quarterly instalments.

The carrying amounts of the right-of-use assets recognised and the movements during the year are shown in note 13.

The lease liability and movement during the year were:

Group	£000
Lease liability recognised at 1 January 2023	283
Interest	13
Payments	(80)
Balance at 31 December 2023	216

The maturity analysis of the leases outstanding is as follows:

Group	31 December 2023 £000	31 December 2022 £000
Not later than 1 year	69	67
Later than 1 year and not later than 5 years	147	216
	216	283

19. SHARE CAPITAL

The issued share capital of the Company and Group at 31 December 2023 is as follows:

Company and Group	At 1 Jan 2023	Additions	At 31 Dec 2023
Number of shares			
Allotted, called up and fully paid			
B Ordinary shares of £0.001 each	125,000	-	125,000
Ordinary shares of £0.001 each	875,000	-	875,000
C Ordinary shares of £0.001 each	-	58,650	58,650
	1,000,000	58,650	1,058,650

Company and Group	At 1 Jan 2023 £	Additions £	At 31 Dec 2023 £
Issued share capital - nominal value			
Allotted, called up and fully paid			
B Ordinary shares of £0.001 each	125	-	125
Ordinary shares of £0.001 each	875	-	875
C Ordinary shares of £0.001 each	-	59	59
	1,000	59	1,059

During the year the Company updated its Management Incentive Plan ("Oxygen MIP"). Under the Oxygen MIP, as reported at the time of TruFin's IPO, participants are entitled to 12.5% of the growth in the value of Oxygen Finance Group over a set hurdle at the time of a sale or flotation of Oxygen Finance Group.

During the year, 58,650 C Ordinary shares of nominal value £0.001 each were issued to management under the Oxygen MIP at nominal value. Share premium of £nil arose when the shares were allotted.

The holders of Ordinary Shares, B Ordinary shares and C Ordinary shares are entitled to one vote per share at meetings of the Company.

20. CAPITAL RESERVE

Group and Company	£000
At 1 January 2022	-
Waiver of amount owed to parent company	13,500
Dividend paid	(250)
At 31 December 2022	**13,250**
At 1 January 2023	13,250
Dividend paid	(500)
At 31 December 2023	**12,750**

The capital reserve arose in 2022 when the parent company TruFin plc waived the outstanding value of the intercompany loan to the Company of £13,500,000. This was reflected as a capital contribution to equity in the financial statements.

This reserve is distributable and a dividend of £500,000 was declared, authorised and paid to TruFin Holdings Limited in November 2023 (Dec 2022 - £250,000).

21. ACQUISITIONS

On 9th November 2023, Oxygen Finance Limited acquired the business of bidstats.uk, a portal for public sector tender information.

Cash consideration paid totalled £415,000 (inclusive of acquisition related costs). The book value and fair value of the assets acquired were as follows:

	Book cost £000	Fair value adjustments £000	Fair value at acquisition £000
Customer relationships	-	182	182
Technology based asset	-	114	114
Acquisition related costs – legal fees	15	-	15
Goodwill	-	104	104
Total	**15**	**400**	**415**

22. RELATED PARTY TRANSACTIONS

The Company operates a Management Incentive Plan and has issued loans to employees to purchase shares in the Company in relation to this, which carry interest at 2.5% per annum. As at 31 December 2023, loans outstanding to employees totalled £37,000 (2022: £68,000). Included in this are directors loans payable by B. Jackson of £nil (2022: £30,000) and A. Price of £8,000 (2022: £8,000).

23. CONTROLLING PARTY

The Company's ultimate parent company is TruFin plc.

The address of the registered office of TruFin plc is 26 New Street, St Helier, Jersey, JE2 3RA.

The results of the Company are consolidated into the financial statements of TruFin plc which can be found on TruFin's website www.trufin.com.

OXYGEN FINANCE

Oxygen Finance Group Ltd.
Registered Office: 1st Floor, Enterprise House, 115 Edmund Street, Birmingham, B3 2HJ
Registered No. 11010451.