

## PayAlly Limited

### Annual report and financial statements

For the year ended 28 February 2019

Registered number: 10600055



## Company Information

<b>Directors</b>	Rafal Andzejewski Dmitrijus Apockinas Robert John Ford
<b>Registered number</b>	10600055
<b>Registered office</b>	80 Coleman Street London  EC2R 5BJ
<b>Independent auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

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## **Directors' report**

For the year ended 28 February 2019

The directors present their report together with the Strategic report and the financial statements of Payally Limited ('the company') for the year ended 28 February 2019. The comparatives present information for the period from 3 February 2017 to 28 February 2018.

The company was incorporated on 3 February 2017 and was authorised by the Financial Conduct Authority on 3 July 2017 as an Authorised Payments Institution. The company commenced trading on 7 November 2017. The company was re-authorised by the Financial Conduct Authority under PSD2 regulations on 14 February 2018.

### **Results**

The loss for the year, after taxation, amounted to €390,545 (period from 3 February 2017 to 28 February 2018 - €65,416).

### **Directors**

The directors who served during the year were:

Rafal Andzejevski  
Dmitrijus Apockinas  
Maxim Ivanchenko

Maxim Ivanchenko resigned as a director on 19 May 2019 and Robert John Ford was appointed as a director on 19 May 2019.

### **Research and development**

During the year, the company capitalised €71,766 of software development costs.

### **Events after the end of the reporting period**

There are no material events to report.

### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' report, the Strategic 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 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102'). 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## **Directors' report (continued)**

For the year ended 28 February 2019

### **Directors' responsibilities statement (continued)**

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 26 June 2019 and signed on its behalf.



**Dmitrijus Apockinas**  
Director

## Strategic report

For the year ended 28 February 2019

### Introduction

The board of directors present this Strategic report for the year to 28 February 2019 with the goal of providing a balanced and comprehensive analysis of the company's development in its initial accounting periods and its future outlook. The review is consistent with the current size and nature of the business.

### Principal activity

The principal activity of the company is that of providing payment and e-commerce acquiring services.

### Business review, key milestones and future developments

The company was authorised as a payment institution by the Financial Conduct Authority ('the FCA') on 3 July 2017 and then re-authorised by the FCA under PSD2 regulations on 14 February 2018. PayAlly Limited commenced trading on 7 November 2017. The directors have taken every opportunity to progress the business in line with its business plan and will continue to do so throughout 2019.

A significant part of PayAlly Limited's development in 2018 and early 2019 consisted of continuing to build necessary payments and acquiring infrastructure in order to enable the company to improve its ability to provide services as a payments ecosystem platform for small and medium companies in the European Economic Area and introduce new products. The following significant milestones were achieved in the year to 28 February 2019:

- Contracted two foreign exchange services providers and rolled out currency exchange and payments services in 39 currencies;
- Completed integration with a card issuer and started shipping Mastercard prepaid cards to the clients;
- Contracted 3 principal members of Visa and Mastercard for e-commerce acquiring facilitation;
- Became a registered payment facilitator with Visa and Mastercard ;
- Developed and launched pay-outs to Visa and Mastercard payment cards (Original Credit Transaction);
- Developed and launched connection to a highly resilient Pan-European Automated Clearing House STEP2 SEPA credit transfer service ('SEPA') and real-time gross settlement system for the Eurozone, Target2;
- Started issuing dedicated IBAN account numbers to clients for incoming and outgoing EUR payments via SEPA and Target2; and
- Contracted with a large banking group in Central Europe in order to improve service provision in the region.

During the course of 2019 the company will continue making improvements to the payments infrastructure, integration of alternative payment methods, development of the new products and gaining new customers and business. Anticipated roll out of iOS and Android mobile PayAlly application in late 2019/early 2020 will complete our payments ecosystem v1.0 offering to clients.

### Principal risks and uncertainties

The Board of Directors is responsible for the risk management policy of the company and approves the parameters within which the various aspects of risks are managed. During its normal course of business, the company is exposed to certain financial risks: earnings growth, liquidity, credit and foreign exchange risks.

## Strategic report (continued)

For the year ended 28 February 2019

### *Earnings growth risk*

There is a risk to both regulatory capital and shareholder value if the company is unable to grow its key business lines: payments (provision of current account services, money transfers locally and internationally, currency exchange and issuance of prepaid cards) and acquiring (provision of online payment card acceptance for merchants, provision of alternative online payment method acceptance for merchants, provision of e-commerce gateway and provision of payout to payment cards). The Board of Directors has implemented an organic business growth model, where development costs and day-to-day operating expenses are growing in line with revenue growth. This ensures the company continues to meet its regulatory capital requirement and to comply with the FCA's rules and is aligned with the growth in client payments revenue.

### *Liquidity risk*

The company is not considered to have an elevated level of liquidity risk as the company's funds and safeguarded clients' funds in transit are kept in current accounts with credit institutions within the European Economic Area. The directors maintain a policy of ensuring adequate availability of financial resources for the company's current and future obligations. Currently, additional capital is being carefully sourced to finance the company's development and planned expansion.

### *Credit risk*

The company's primary credit risk is with its banking and acquiring partners. The company deploys various diversification methods and continues engaging with new credit institutions and acquiring partners to diversify possible credit risks. Careful partner assessment and monitoring procedures are in place to minimise any possible risks.

### *Foreign exchange risk*

The company operates in a number of currencies and manages foreign exchange exposure by carefully matching assets and liabilities in each currency in order to avoid any exposure. All client foreign exchange transactions are executed on the spot and the company never keeps an open currency position longer than needed to instruct the banking partner to execute the foreign exchange transaction at market rates.

In addition, there are uncertainties associated with the United Kingdom's exit from the European Union and other global political changes, which are beyond the control of the directors or management. In order to minimise such risks, the directors monitor market conditions and global political movements and explore different options to ensure a secure future for the company.

### **Financial key performance indicators**

The directors approve the annual budget and review performance against budget on a monthly basis. Similarly, key performance indicators, namely revenue, net profit and net assets are carefully monitored.

Revenue for the year amounted to €389,877 and at the year end the company had net assets of €405,512. Despite a loss of €390,545 for the reported year, which is due to a significant investment in product and service development, as well as into payments and acquiring facilitation infrastructure, the directors are pleased to report a continuous new client acquisition stream, revenue growth and achievement of operational breakeven. The directors believe that this trend will continue throughout 2019 and the company will be profitable within the next reporting period.

This report was approved by the board on 26 June 2019 and signed on its behalf.



**Dmitrijus Apockinas**  
Director

## Independent auditor's report to the members of PayAlly Limited

For the year ended 28 February 2019

### Opinion

We have audited the financial statements of PayAlly Limited (the 'company') for the year ended 28 February 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

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



## **Independent auditor's report to the members of PayAlly Limited (continued)**

For the year ended 28 February 2019

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

We have nothing to report in this regard.

### **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 Directors' report and the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report and the Strategic 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report or the Strategic report.

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

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

### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# Buzzacott

## Independent auditor's report to the members of PayAlly Limited (continued)

For the year ended 28 February 2019

### 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

### Use of our report

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



Peter Chapman (Senior statutory auditor)

for and on behalf of

**Buzzacott LLP**

Statutory Auditor

130 Wood Street

London

EC2V 6DL

26 June 2019

## Statement of comprehensive income

For the year ended 28 February 2019

		<b>Year ended 28 February 2019</b>	<b>Period ended 28 February 2018</b>
		€	€
Revenue		<b>391,635</b>	41,584
<b>Gross profit</b>		<b>391,635</b>	41,584
Administrative expenses		<b>(861,093)</b>	(120,192)
<b>Operating loss</b>	5	<b>(469,458)</b>	(78,608)
Tax on loss	9	<b>78,913</b>	13,192
<b>Loss for the financial year</b>		<b>(390,545)</b>	(65,416)

All amounts relate to continuing operations.

There was no other comprehensive income for 2019 or the period from 3 February 2017 to 28 February 2018.

The notes on pages 12 to 25 form part of these financial statements.

## Statement of financial position

As at 28 February 2019

	Note	2019 €	2018 €
<b>Fixed assets</b>			
Intangible assets	10	196,589	141,408
Tangible assets	11	3,832	1,346
		<u>200,421</u>	<u>142,754</u>
<b>Current assets</b>			
Stocks	12	10,477	10,645
Debtors	13	106,860	26,065
Cash at bank and in hand	14	6,273,611	70,486
		<u>6,390,948</u>	<u>107,196</u>
Creditors: amounts falling due within one year	15	(6,185,857)	(53,893)
<b>Net current assets</b>		<u>205,091</u>	<u>53,303</u>
<b>Total assets less current liabilities</b>		<u>405,512</u>	<u>196,057</u>
<b>Net assets</b>		<u>405,512</u>	<u>196,057</u>
<b>Capital and reserves</b>			
Called up share capital		861,473	261,473
Profit and loss account		(455,961)	(65,416)
		<u>405,512</u>	<u>196,057</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 June 2019.



**Dmitrijus Apockinas**  
Director

The notes on pages 12 to 25 form part of these financial statements.

## Statement of changes in equity

For the year ended 28 February 2019

	Called up share capital	Profit and loss account	Total equity
	€	€	€
<b>At 3 February 2017</b>	111,173	-	111,173
Loss for the period	-	(65,416)	(65,416)
Shares issued during the period	150,300	-	150,300
<b>At 28 February 2018</b>	261,473	(65,416)	196,057
Loss for the year	-	(390,545)	(390,545)
Shares issued during the year	600,000	-	600,000
<b>At 28 February 2019</b>	861,473	(455,961)	405,512

The notes on pages 12 to 25 form part of these financial statements.

**Statement of cash flows**

For the year ended 28 February 2019

	Year ended 28 February 2019 €	Period ended 28 February 2018 €
<b>Cash flows from operating activities</b>		
Loss for the financial year	(390,545)	(65,416)
<b>Adjustments for:</b>		
Amortisation of intangible assets	16,585	4,861
Depreciation of tangible assets	1,028	113
Taxation charge	(78,913)	(13,192)
Decrease/(increase) in stocks	168	(10,645)
(Increase) in debtors	(1,882)	(12,873)
Increase in creditors	6,131,964	53,893
<b>Net cash generated from operating activities</b>	<b>5,678,405</b>	<b>(43,259)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(71,766)	(146,269)
Purchase of tangible assets	(3,514)	(1,459)
<b>Net cash from investing activities</b>	<b>(75,280)</b>	<b>(147,728)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	600,000	261,473
<b>Net cash used in financing activities</b>	<b>600,000</b>	<b>261,473</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,203,125</b>	<b>70,486</b>
Cash and cash equivalents at beginning of year	70,486	-
<b>Cash and cash equivalents at the end of year</b>	<b>6,273,611</b>	<b>70,486</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	6,273,611	70,486
	<b>6,273,611</b>	<b>70,486</b>

The notes on pages 12 to 25 form part of these financial statements.

## Notes to the financial statements

For the year ended 28 February 2019

### 1. General information

PayAlly Limited is a private company limited by shares and is incorporated in England and Wales. Its company registration number is 10600055. The registered office and principal place of business of the company is 80 Coleman Street, London, United Kingdom, EC2R 5BJ.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', ('FRS 102') and the Companies Act 2006.

The company has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 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 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 reliably measured.

## Notes to the financial statements

For the year ended 28 February 2019

### 2. Accounting policies (continued)

#### 2.2 Revenue (continued)

Revenue on currency exchange services is recognised once the company's performance obligation has been completed, i.e. the converted currency delivered to the customer's account. Revenue on e-commerce payment acceptance services is recognised once the company's performance obligation has been completed, i.e. the acquiring partner of the company has settled merchant sales funds to the company and company has credited sales funds to the merchant's account. Revenue on money transfer services is recognised once the company's performance obligation has been completed, i.e. the transferred money delivered to the recipient. Revenue on prepaid cards issuance is recognised once the company's performance obligation has been completed, i.e. when the customer orders a new card and pays for it, and when the prepaid card issuer confirms the personalization and delivery of the card to the customer. Revenue on prepaid cards usage services is recognised once the company's performance obligation has been completed, i.e. the cardholder has completed a purchase with the card or cash withdrawal, and prepaid card issuer has issued revenue share statement to the company.

#### 2.3 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

#### 2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software development	-	10	years
Trademarks	-	10	years

The assets' residual values, useful lives and amortisation 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.



## Notes to the financial statements

For the year ended 28 February 2019

### 2. Accounting policies (continued)

#### 2.5 Tangible 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.

The estimated useful lives range as follows:

Computer equipment	-	4 years
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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.

#### 2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.7 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.

#### 2.8 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.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

## Notes to the financial statements

For the year ended 28 February 2019

### 2. Accounting policies (continued)

#### 2.9 Client monies

The company holds money on behalf of clients in accordance with the rules of its regulator. Client monies held in segregated bank and settlement accounts in accordance with these rules and the corresponding liabilities to these clients are recognised on the Statement of financial position within cash and creditors.

#### 2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.11 Foreign currency translation

##### *Functional and presentation currency*

The company's functional and presentational currency is Euros.

##### *Transactions and balances*

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

Foreign exchange gains and losses resulting from the settlement of transactions in foreign currencies are recognised in the Statement of comprehensive income within revenue for the provision of currency exchange services and within administrative expenses for the procurement of currency exchange services.

Foreign exchange gains and losses resulting from translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the Statement of comprehensive income as administrative expenses.

Non-monetary assets and liabilities are translated at historic exchange rates if held at historic cost or year-end exchange rates if held at fair value, and the resulting foreign exchange gains or losses are recognised in the Statement of comprehensive income as administrative expenses.

#### 2.12 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

## Notes to the financial statements

For the year ended 28 February 2019

### 2. Accounting policies (continued)

#### 2.13 Current and deferred 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 reporting 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 Statement of financial position 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 reporting date.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

*The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates.*

The directors considered areas involving estimation uncertainty or significant judgement to be in relation to:

- Deferred tax: recognition of a deferred tax asset (in respect of losses carried forward) is considered appropriate due to the expected future profit of the company; and
- Software development costs: capitalisation as an intangible asset is considered appropriate as these costs meet the recognition criteria of an intangible asset in accordance with FRS 102.

The directors believe that there are no further areas with uncertainty or application of judgement.

### 4. Revenue

The whole of the revenue is attributable to the company's principal activity.

All revenue arose within the European Union.

## Notes to the financial statements

For the year ended 28 February 2019

### 5. Operating loss

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

	Year ended 28 February 2019 €	Period ended 28 February 2018 €
Exchange differences	26,940	607
Operating lease rentals	32,583	20,848
	<u>32,583</u>	<u>20,848</u>

### 6. Auditor's remuneration

	Year ended 28 February 2019 €	Period ended 28 February 2018 €
Fees payable to the company's auditor for the audit of the company's annual financial statements	7,500	5,649
	<u>7,500</u>	<u>5,649</u>

#### Fees payable to the company's auditor in respect of:

Tax compliance services	1,326	1,130
Other services	1,105	1,412
	<u>1,105</u>	<u>1,412</u>

## Notes to the financial statements

For the year ended 28 February 2019

### 7. Staff costs, and average number of employees

Staff costs, including directors' remuneration, during the year were as follows:

	Year ended 28 February 2019 €	Period ended 28 February 2018 €
Wages and salaries	155,687	-
Social security costs	18,160	-
	<u>173,847</u>	<u>-</u>

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

	Year ended 28 February 2019 No.	Period ended 28 February 2018 No.
Directors	<u>3</u>	<u>3</u>

### 8. Directors' remuneration

	Year ended 28 February 2019 €	Period ended 28 February 2018 €
Directors' emoluments	107,324	-
	<u>107,324</u>	<u>-</u>

## Notes to the financial statements

For the year ended 28 February 2019

### 9. Taxation

	Year ended 28 February 2019 €	Period ended 28 February 2018 €
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(78,913)	(13,192)
<b>Total deferred tax</b>	(78,913)	(13,192)
<b>Taxation on loss on ordinary activities</b>	(78,913)	(13,192)

#### Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (period ended 28 February 2018 - higher than) the standard rate of corporation tax in the UK of 19% (period ended 28 February 2018 - 19%). The differences are explained below:

	Year ended 28 February 2019 €	Period ended 28 February 2018 €
Loss on ordinary activities before tax	(469,458)	(78,608)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (period ended 28 February 2018 - 19%)	(89,197)	(14,936)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,001	192
Deferred tax adjustment	9,283	1,552
<b>Total tax charge for the year/period</b>	(78,913)	(13,192)

#### Factors that may affect future tax charges

The UK government has introduced legislation to keep the corporation tax rate at 19% until 31 March 2020 and to reduce it to 17% from 1 April 2020.

## Notes to the financial statements

For the year ended 28 February 2019

### 10. Intangible assets

	Software development €	Trademarks €	Total €
<b>Cost</b>			
At 1 March 2018	145,419	850	146,269
Additions	71,766	-	71,766
At 28 February 2019	<u>217,185</u>	<u>850</u>	<u>218,035</u>
<b>Amortisation</b>			
At 1 March 2018	4,671	190	4,861
Charge for the year	16,438	147	16,585
At 28 February 2019	<u>21,109</u>	<u>337</u>	<u>21,446</u>
<b>Net book value</b>			
At 28 February 2019	<u>196,076</u>	<u>513</u>	<u>196,589</u>
At 28 February 2018	<u>140,748</u>	<u>660</u>	<u>141,408</u>

## Notes to the financial statements

For the year ended 28 February 2019

### 11. Tangible assets

	Computer equipment €
<b>Cost or valuation</b>	
At 1 March 2018	1,459
Additions	3,514
Disposals	(250)
At 28 February 2019	<u>4,723</u>
<b>Depreciation</b>	
At 1 March 2018	113
Charge for the year	1,028
Disposals	(250)
At 28 February 2019	<u>891</u>
<b>Net book value</b>	
At 28 February 2019	<u><u>3,832</u></u>
At 28 February 2018	<u><u>1,346</u></u>

### 12. Stocks

	2019 €	2018 €
Prepaid cards and code generators	<u>10,477</u>	<u>10,645</u>
	<u><u>10,477</u></u>	<u><u>10,645</u></u>



## Notes to the financial statements

For the year ended 28 February 2019

### 13. Debtors

	2019 €	2018 €
Other debtors	13,776	7,315
Prepayments and accrued income	979	5,558
Deferred taxation	92,105	13,192
	<u>106,860</u>	<u>26,065</u>

### 14. Cash and cash equivalents

	2019 €	2018 €
Bank current accounts	87,224	6,002
Client accounts	6,186,387	64,484
	<u>6,273,611</u>	<u>70,486</u>

### 15. Creditors: amounts falling due within one year

	2019 €	2018 €
Payments received on account	6,185,392	50,950
Other creditors	465	2,943
	<u>6,185,857</u>	<u>53,893</u>

### 16. Analysis of net debt

An analysis of changes in net debt has not been presented as all of the entity's cash flows relate to movements in cash, and the entity has no items to include in such an analysis other than the cash flows in the Statement of cash flows.

## Notes to the financial statements

For the year ended 28 February 2019

### 17. Deferred taxation

	2019 €
At beginning of year	13,192
Credited to profit or loss	78,913
<b>At end of year</b>	<b>92,105</b>

The deferred tax asset is made up as follows:

	2019 €	2018 €
Accelerated capital allowances	(651)	(229)
Tax losses carried forward	92,756	13,421
	<u>92,105</u>	<u>13,192</u>

### 18. Share capital

	2019 €	2018 €
<b>Authorised, allocated, called up and fully paid</b>		
751,175 (2018 - 218,246) Ordinary A shares of £1 each	<b>861,473</b>	261,473

During the year, 532,929 Ordinary A shares were issued for £1 each.

### 19. Reserves

#### *Profit and loss account*

Includes all current and prior period retained profits and losses.

## Notes to the financial statements

For the year ended 28 February 2019

### 20. Commitments under operating leases

At 28 February 2019, the company was committed to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 €	2018 €
Not later than 1 year	13,133	12,190
	<u>13,133</u>	<u>12,190</u>

### 21. Related party transactions

In the year ended 28 February 2019 the company earned income of €257 from AMTG LP and incurred expenditure of €18,332. At the year end €nil (2018 - €40) was owed to AMTG LP. AMTG LP is a related party by being 100% owned by one of the directors.

In the year ended 28 February 2019 the company earned income of €267 from I&C Supply Ltd. At the year end €252 (2018 - €nil) was owed to I&C Supply Ltd which is equal to the amount being held within client bank accounts. I&C Supply Ltd is a related party by being 100% owned by one of the directors.

In the year ended 28 February 2019 the company earned income of €519 from Arotera UAB. At the year end €3,525 (2018 - €nil) was owed to Arotera UAB which is equal to the amount being held within client bank accounts. Arotera UAB is a related party by being 100% owned by one of the directors.

In the year ended 28 February 2019 the company earned income of €2,100 from Andzejewski Holding OU. At the year end €39,280 (2018 - €7,816) was owed to Andzejewski Holding OU which is equal to the amount being held within client bank accounts. Andzejewski Holding OU is a related party by being 100% owned by one of the directors.

In the year ended 28 February 2019 the company earned income of €3,184 from Canopus Innovative Technologies Ltd and incurred expenditure of €722. At the year end €75,905 (2018 - €619) was owed to Canopus Innovative Technologies Ltd which is equal to the amount being held within client bank accounts. Canopus Innovative Technologies Ltd is a related party by being 100% owned by one of the directors.

In the year ended 28 February 2019 the company earned income of €20 from Canopus Innovative Technologies Limited. At the year end €23,580 (2018 - €nil) was owed to Canopus Innovative Technologies Limited which is equal to the amount being held within client bank accounts. Canopus Innovative Technologies Limited is a related party by being 100% owned by one of the directors.

In the year ended 28 February 2019 the company earned income of €nil from Advapay OU. At the year end €nil (2018 - €100) was owed to Advapay OU. Advapay OU is a related party by being 100% owned by one of the directors.

In the year ended 28 February 2019 the company earned income of €30 from Opengate Technology OU. At the year end €98,755 (2018 - €nil) was owed to Opengate Technology OU which is equal to the amount being held within client bank accounts. Opengate Technology OU is a related party by being 90% owned and therefore being controlled by one of the directors.

## Notes to the financial statements

For the year ended 28 February 2019

### 21. Related party transactions (continued)

In the year ended 28 February 2019, D Apockinas, a director of the company, incurred expenses of €14,212 on behalf of the company and received payments of €14,534. At the year end €126 (2018 - €449) was owed to D Apockinas.

In the year ended 28 February 2019, R Andzejewski, a director of the company, incurred expenses of €19,443 on behalf of the company and received payments of €21,951. At the period end, €14 was due from R Andzejewski (2018 - €2,494 owed to R Andzejewski).

In the year ended 28 February 2019, M Ivanchenko, a former director of the company, incurred expenses of €220 on behalf of the company and received payments of €220. At the period end €nil (2018 - €nil) was owed to M Ivanchenko.

### 22. Controlling party

In the opinion of the directors there is no ultimate controlling party.