

PayAlly Limited

Annual report and financial statements

for the year ended 29 February 2020

Registered number: 10600055



PayAlly Limited

Company Information

Directors	Rafal Andzejewski Robert Ford
Registered number	10600055
Registered office	80 Coleman Street London EC2R 5JB
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

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Directors' report

For the year ended 29 February 2020

The directors present their report and the financial statements of PayAlly Limited ('the company') for the year ended 29 February 2020.

Results and dividends

The profit for the year, after taxation, amounted to €78,645 (2019 - loss €390,545).

The directors did not recommend any dividends during the year (2019: €nil).

Directors

The directors who served during the year were:

Rafal Andzejewski
Dmitrijus Apockinas
Maxim Ivanchenko (resigned 15 May 2019)
Robert Ford (appointed 15 May 2019)

Dmitrijus Apockinas resigned as a director on 17 May 2020.

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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Research and development

During the year, the company capitalised €41,320 of software development costs.

Directors' report (continued)

For the year ended 29 February 2020

Matters covered in the strategic report

The company has chosen, in accordance with s.414C(11) of the Companies Act 2006, to set out in the company's Strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and Part 2 of The Companies (Miscellaneous Reporting) Regulations 2018 to be contained in the Directors' report. It has done so in respect of risk exposure, future developments, and engagement with suppliers, customers and others.

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 23 July 2020 and signed on its behalf.



Robert Ford
Director

Strategic report

For the year ended 29 February 2020

Introduction

The directors present this Strategic report for the year to 29 February 2020 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 e-commerce card acquiring, currency exchange, money transfer services and prepaid card issuing.

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 the rest of 2020.

A significant part of PayAlly Limited's development in 2019 consisted of continuing to expand its payments and acquiring infrastructure in order to enable the company to reduce costs and improve its competitive position in the market for the provision of services to small and medium companies in the European Economic Area and introduce new products.

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

Directors' statement of compliance with duty to promote the success of the company

The directors confirm compliance with Section 172(1) of the Companies Act 2006 in that they acted in good faith promoting the success of the company for the benefit of its stakeholders, and in doing so had regard (amongst other matters) to:

- the likely consequences of any decision in the long term by ensuring that careful consideration was given to all aspects of the likely outcome when making decisions at board level and that those decisions were made in the best interests of the stakeholders;
- the interests of the company's employees by ensuring that due consideration was given to employee equality, training, education and progress in the company, participation in shaping the company's strategy and product development, and endeavouring to maintain an employee sympathetic environment;
- the provision of reliable, safe, affordable and fair products and services to its customers, by being continually attentive to the customer's needs, developing new products and services, optimising and reducing fees for basic payment services, and promoting security of online payments;
- the need to foster the company's business relationships with partners and suppliers by promoting mutually beneficial contractual arrangements, punctual settlement of invoices, sharing of industry insights and innovations;
- the impact of the company's operations on the community and the environment by continually promoting reduction of environmental pollution by using electronic document workflow, reducing CO2 emissions by cutting unnecessary travel, particularly by airplanes, and promoting usage of public transportation by the company's employees;
- the regulatory compliance of the company by maintaining timely and accurate reporting to the regulatory, government, and tax authorities, by maintaining a reputation for high standards of business conduct and integrity, by maintaining a professional approach to all matters by directors and employee at all levels, and
- the need to act fairly as between shareholders of the company by maintaining standards that ensured no bias to any particular individual or group.

Strategic report (continued)

For the year ended 29 February 2020

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, operational, liquidity, credit and foreign exchange risks.

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 payment 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.

Operational risk

This is a risk of a direct or indirect loss resulting from inadequacies or failures of information technology systems, processes or controls due to hardware or software failure, staff or management, or external factors. To manage, monitor and control operational risks, the company maintains a framework of policies, procedures and controls which are designed to provide a sound and well controlled operational environment.

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.

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.

Other risk

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.

Strategic report (continued)

For the year ended 29 February 2020

Other risk (continued)

In December 2019, COVID-19 was first identified in China. This has subsequently developed quickly into a pandemic affecting business and living conditions throughout the world. Restrictions on travel have significantly impacted the aviation, travel, tourism, hospitality and entertainment sectors. As a result of the decrease in fossil fuel consumption and reduction in consumer goods and services buying, oil prices have fallen, and stock prices have been seriously affected. According to the experts at the WTO, World Bank and IMF, a recession is inevitable and in the best case scenario the global economy will not experience any growth, on an annualised basis.

Despite the fact that the company is very unlikely to be affected by the downturn in aviation, travel, tourism, hospitality and entertainment sectors, the directors have considered global economic conditions, but the European Union in particular, in relation to the ongoing progress of the business. Current signs suggest there will be minimal effect on the company's revenues. However, a close watch will be maintained on the progress of the pandemic and global economic conditions and their potential effect on the business at every stage. Currently our members of staff are able to comply with government regulations by working at home without any detrimental effect on the company's day to day operations and development progress.

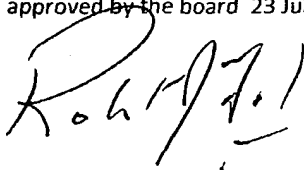
Financial key performance indicators

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 €1,393,565 and at the year end the company had net assets of €484,157. Comparing to the previous year, the gross revenue of: e-commerce card acquiring grew by 77.66%, money transfers by 85.07%, currency exchange by 439.93%, resulting in 255.83% overall gross revenue growth. The directors are pleased to report a continuous new client acquisition stream, revenue growth and achievement of sustainable profitable operations. The directors believe that this trend will continue throughout 2020 and the company will continue to be profitable within the next reporting period.

This report was approved by the board 23 July 2020 and signed on its behalf.

Robert Ford
Director



Buzzacott

Independent auditor's report to the members of PayAlly Limited

For the year ended 29 February 2020

Opinion

We have audited the financial statements of PayAlly Limited (the 'company') for the year ended 29 February 2020, 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 29 February 2020 and of its profit 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.

Buzzacott

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

For the year ended 29 February 2020

Other information (continued)

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 and 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 29 February 2020

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. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the company's members 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 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

23 July 2020

Statement of comprehensive income

For the year ended 29 February 2020

		2020	2019
		€	€
Revenue		1,393,565	391,635
Gross profit		<u>1,393,565</u>	<u>391,635</u>
Administrative expenses		(1,361,381)	(861,093)
Operating profit/(loss)	5	<u>32,184</u>	<u>(469,458)</u>
Interest receivable and similar income		63,178	-
Profit/(loss) before tax		<u>95,362</u>	<u>(469,458)</u>
Tax on profit/(loss)	10	(16,717)	78,913
Profit/(loss) for the financial year		<u><u>78,645</u></u>	<u><u>(390,545)</u></u>

All amounts relate to continuing operations.

There was no other comprehensive income for 2020 or 2019.


The notes on pages 13 to 25 form part of these financial statements.

Statement of financial position

As at 29 February 2020

	Note	2020 €	2019 €
Fixed assets			
Intangible assets	11	211,672	196,589
Tangible assets	12	4,614	3,832
		<u>216,286</u>	<u>200,421</u>
Current assets			
Stocks	13	10,326	10,477
Debtors	14	87,687	106,860
Cash at bank and in hand	15	10,042,460	6,273,611
		<u>10,140,473</u>	<u>6,390,948</u>
Creditors: amounts falling due within one year	16	(9,872,602)	(6,185,857)
Net current assets		<u>267,871</u>	<u>205,091</u>
Total assets less current liabilities		<u>484,157</u>	<u>405,512</u>
Net assets		<u><u>484,157</u></u>	<u><u>405,512</u></u>
Capital and reserves			
Called up share capital		861,473	861,473
Profit and loss account	20	(377,316)	(455,961)
		<u>484,157</u>	<u>405,512</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 July 2020.


Robert Ford
 Director

The notes on pages 13 to 25 form part of these financial statements.

Statement of changes in equity

For the year ended 29 February 2020

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 March 2018	261,473	(65,416)	196,057
Loss for the year	-	(390,545)	(390,545)
Shares issued during the year	600,000	-	600,000
At 1 March 2019	861,473	(455,961)	405,512
Profit for the year	-	78,645	78,645
At 29 February 2020	861,473	(377,316)	484,157

The notes on pages 13 to 25 form part of these financial statements.

Statement of cash flows

For the year ended 29 February 2020

	2020	2019
	€	€
Cash flows from operating activities		
Profit/(loss) for the financial year	78,645	(390,545)
Adjustments for:		
Amortisation of intangible assets	26,237	16,585
Depreciation of tangible assets	1,338	1,028
Interest received	(63,178)	-
Taxation charge/(credit)	16,717	(78,913)
Decrease in stocks	151	168
Decrease/(increase) in debtors	2,456	(1,882)
Increase in creditors	3,686,745	6,131,964
Net cash generated from operating activities	3,749,111	5,678,405
Cash flows from investing activities		
Purchase of intangible fixed assets	(41,320)	(71,766)
Purchase of tangible fixed assets	(2,120)	(3,514)
Interest received	63,178	-
Net cash from investing activities	19,738	(75,280)
Cash flows from financing activities		
Issue of ordinary shares	-	600,000
Net cash used in financing activities	-	600,000
Net increase in cash and cash equivalents	3,768,849	6,203,125
Cash and cash equivalents at beginning of year	6,273,611	70,486
Cash and cash equivalents at the end of year	10,042,460	6,273,611
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	10,042,460	6,273,611
	10,042,460	6,273,611

The notes on pages 13 to 25 form part of these financial statements.

Notes to the financial statements

For the year ended 29 February 2020

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 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 Going concern

The directors have considered the impact of the current COVID-19 pandemic on the company's operations, with a particular focus on its effect on the company's customers, suppliers and employees.

The directors do not consider this to be cause for material uncertainty in respect of the company's ability to continue as a going concern. The company has adapted well, successfully employing contingency plans, and the directors consider that the company has sufficient financial resources to continue for the foreseeable future, despite the current crisis. The financial statements have therefore been prepared on the going concern basis.

2.3 Revenue

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 measured reliably.

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 the 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 personalisation 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 the prepaid card issuer has issued a revenue share statement to the company.

Notes to the financial statements

For the year ended 29 February 2020

2. Accounting policies (continued)

2.4 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.

2.5 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.

Amortisation is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method. As there is no active market for the asset, their residual value is considered to be £nil.

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.

2.6 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.

Notes to the financial statements

For the year ended 29 February 2020

2. Accounting policies (continued)

2.6 Tangible assets (continued)

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.

2.7 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.

2.8 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.

2.9 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.

2.10 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, respectively.

Notes to the financial statements

For the year ended 29 February 2020

2. Accounting policies (continued)

2.11 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.

2.12 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.

2.13 Operating leases

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

2.14 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method. This interest is earned on certain client money balances and is accrued monthly.

2.15 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.

Notes to the financial statements

For the year ended 29 February 2020

2. Accounting policies (continued)

2.15 Current and deferred taxation (continued)

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 still considered appropriate due to the expected future profitability 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 involving estimation 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.

5. Operating loss

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

	2020	2019
	€	€
Exchange differences	11,560	(1,758)
Other operating lease rentals	31,180	32,583

Notes to the financial statements

For the year ended 29 February 2020

6. Auditor's remuneration

	2020 €	2019 €
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>8,754</u>	<u>8,755</u>
Fees payable to the company's auditor in respect of:		
Tax compliance services	2,043	1,751
Other services	<u>1,751</u>	<u>1,459</u>

7. Staff costs, and average number of employees

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

	2020 €	2019 €
Wages and salaries	113,855	155,687
Social security costs	<u>17,716</u>	<u>18,160</u>
	<u>131,571</u>	<u>173,847</u>

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

	2020 No.	2019 No.
Directors	3	3
Administrative	2	-
	<u>5</u>	<u>3</u>

8. Directors' remuneration

	2020 €	2019 €
Directors' emoluments	<u>104,000</u>	<u>107,324</u>
	<u>104,000</u>	<u>107,324</u>

Notes to the financial statements

For the year ended 29 February 2020

9. Interest receivable

	2020 €	2019 €
Other interest receivable	63,178	-
	<u>63,178</u>	<u>-</u>

Other interest receivable relates to the client money.

10. Taxation

	2020 €	2019 €
Corporation tax		
Current tax on profits for the year	16,717	-
	<u>16,717</u>	<u>-</u>
Total current tax	<u>16,717</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	(78,913)
Total deferred tax	<u>-</u>	<u>(78,913)</u>
Taxation on profit/(loss) on ordinary activities	<u>16,717</u>	<u>(78,913)</u>

Notes to the financial statements

For the year ended 29 February 2020

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 €	2019 €
Profit/(loss) on ordinary activities before tax	<u>95,362</u>	<u>(469,458)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	18,119	(89,197)
Effects of:		
Expenses not deductible for tax purposes	449	1,001
Deferred tax adjustment	(1,851)	9,283
Total tax charge/(credit) for the year	<u>16,717</u>	<u>(78,913)</u>

Factors that may affect future tax charges

The government had enacted legislation to keep the corporation tax rate at 19% until 31 March 2020 and to reduce it to 17% from 1 April 2020. However, on 17 March 2020 the government substantively enacted legislation to maintain the corporation tax rate at 19% until 31 March 2021. The government has also proposed legislation that will maintain the corporation tax rate at 19% from 1 April 2021 onwards.

Notes to the financial statements

For the year ended 29 February 2020

11. Intangible assets

	Software development €	Trademarks €	Total €
Cost			
At 1 March 2019	217,185	850	218,035
Additions	41,320	-	41,320
At 29 February 2020	<u>258,505</u>	<u>850</u>	<u>259,355</u>
Amortisation			
At 1 March 2019	21,109	337	21,446
Charge for the year	26,123	114	26,237
At 29 February 2020	<u>47,232</u>	<u>451</u>	<u>47,683</u>
Net book value			
At 29 February 2020	<u>211,273</u>	<u>399</u>	<u>211,672</u>
At 28 February 2019	<u>196,076</u>	<u>513</u>	<u>196,589</u>

Notes to the financial statements

For the year ended 29 February 2020

12. Tangible assets

	Computer equipment €
Cost or valuation	
At 1 March 2019	4,723
Additions	2,120
At 29 February 2020	<u>6,843</u>
Depreciation	
At 1 March 2019	891
Charge for the year	1,338
At 29 February 2020	<u>2,229</u>
Net book value	
At 29 February 2020	<u>4,614</u>
At 28 February 2019	<u>3,832</u>

13. Stocks

	2020 €	2019 €
Prepaid cards and code generators	10,326	10,477
	<u>10,326</u>	<u>10,477</u>

Notes to the financial statements

For the year ended 29 February 2020

14. Debtors

	2020 €	2019 €
Other debtors	10,297	13,776
Prepayments and accrued income	2,002	979
Deferred taxation	75,388	92,105
	<u>87,687</u>	<u>106,860</u>

15. Cash and cash equivalents

	2020 €	2019 €
Bank current accounts	189,829	87,224
Client accounts	9,852,631	6,186,387
	<u>10,042,460</u>	<u>6,273,611</u>

16. Creditors: amounts falling due within one year

	2020 €	2019 €
Payments received on account	9,868,181	6,185,392
Other creditors	4,421	465
	<u>9,872,602</u>	<u>6,185,857</u>

17. 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 29 February 2020

18. Deferred taxation

	2020 €
At beginning of year	92,105
Charged to the profit or loss	(16,717)
At end of year	75,388

The deferred tax asset is made up as follows:

	2020 €	2019 €
Accelerated capital allowances	(788)	(651)
Tax losses carried forward	76,176	92,756
	<u>75,388</u>	<u>92,105</u>

19. Share capital

	2020 €	2020 €
Authorised, allocated, called up and fully paid 751,175 (2019 - 751,175) Ordinary A shares of £1 each	861,473	861,473

20. Reserves

Profit and loss account

Includes all current and prior period retained profits and losses.

21. Contingent liabilities

There were no contingent liabilities at 29 February 2020 or 28 February 2019.

22. Capital commitments

There were no capital commitments at 29 February 2020 or 28 February 2019.

Notes to the financial statements

For the year ended 29 February 2020

23. Commitments under operating leases

At 29 February 2020, the company was committed to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 €	2019 €
Not later than 1 year	15,750	13,133
	<u>15,750</u>	<u>13,133</u>

24. Related party transactions

In the year ended 29 February 2020, the company earned income of €6,507 (2019: €6,120) from companies under control or joint control of directors, and incurred expenditure of €27,618 (2019: €nil). At the year-end, €156,044 (2019: €241,297) was owed to these related parties.

In the year ended 29 February 2020, the directors incurred expenses of €40,458 (2019: €33,875) on behalf of the company and received payments of €40,599 (2019: €36,705). At the year-end, €2,836 (2019: €2,526) was owed to the directors.

25. Controlling party

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