

Registered number: 06035209

NVAYO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



NVAYO LIMITED

COMPANY INFORMATION

Directors	C Jacklin P Seymour (resigned 31 January 2019) L Kirkham (appointed 23 January 2019) D Ibrahim (appointed 19 May 2020)
Company secretary	R Schelin (appointed 23 January 2019)
Registered number	06035209
Registered office	1 King William Street London EC4N 7AF
Independent auditors	Price Bailey LLP Chartered Accountants & Statutory Auditors Dashwood House 69 Old Broad Street London EC2M 1QS
Bankers	Santander UK plc 2 Triton Square Regent's Place London NW1 3AN

NVAYO LIMITED

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NVAYO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The principal activity of Nvayo Limited is to issue electronic money in multiple currencies via an electronic wallet and prepaid card to its customers who are also members of the Group's concierge and lifestyle services. In order to carry out that activity, the Company is authorised and regulated by the Financial Conduct Authority (FCA) to issue electronic money as a prepaid card issuer.

The Company specialises in making financial services quick and easy for its customers through a wide range of innovative financial services including issuing electronic money, payment processing, foreign exchange dealing and issuance of payment cards, including the solid gold Auraa Lifestyle payment card.

The Company has also developed the digital platform used by the group to provide all the services offered to members. Nvayo technology places security, scalability and functionality at the center of the digital platform design which was conceived from the ground up without ties to legacy platforms. The platform represents the very best of contemporary financial services agile platforms.

Financial services are provided to customers under two principle brands. Auraa Lifestyle, an established membership scheme focused on the ultra-high net worth individuals offering a highly personalised service and support, and Club Swan, which offers a wide choice of services, but with greater emphasis on self-service via the Club Swan app and member website. The Club Swan is the newly launched product and is expected to drive revenue growth over the next few years.

Business review

The Company has continued to make significant progress against its key strategic goal of creating an innovative, scalable and robust technical and operational platform to support the services offered to members and the planned increase in customer numbers, primarily driven by the new Club Swan product.

During 2019 Nvayo reviewed its risk policy and conducted a thorough review of the existing client base, resigning several accounts that fell outside of the business risk appetite. The reduction in active accounts resulted in a decline in transaction volumes during the second half of the year which resulted in a fall in turnover from 2018 of £3.4m to £5.0m for 2019. In addition, Covid-19 had some impact during Q4 2019, as Auraa Lifestyle clients with SE Asian activities were impacted by the early stages of the pandemic.

Nvayo has continued to invest heavily in creating an innovative, scalable and robust technical and operational platform to support the launch of Club Swan which contributed to the increase in administrative expenses excluding foreign exchange gains/losses of £1.3m from £0.6m in 2018 to £2.0m for 2019. This was mainly due to an increase in staff and consultant headcount and associated office and IT cost as the Company continued to build-out its technical, operation and management capabilities to support the launch of Club Swan.

NVAYO LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties

Risk management is an integral part of managing the business and the Company maintains and reviews its risk register on a regular basis. Due to the nature of the financial products offered, a key risk to the Company is the possibility of financial crime. In order to mitigate this risk, the Company has robust policies and procedures in place.

Regulatory risk

Regulatory risk is the risk that the company does not meet all its regulatory requirements. As an FCA licenced electronic money institution, Nvayo is required to abide by the Electronic Money Regulations 2011. The Board considers that the company has complied with these regulations throughout the year. The Company undertakes an annual external compliance audit to ensure policies, procedures and controls are appropriate and up to date.

The Company prepares forecasts and stress testing to ensure that it will have sufficient regulatory capital in future periods.

IT and Operational Risk

IT risk is the risk of loss due to a failure of IT systems and Operational Risk is the risk of failure in internal processes. The digital platform that underpins all the services provided to customers, including the self-service financial services. The Company undertakes an annual external IT security audit to assist in managing and minimising the risk posed by IT systems.

Credit Risk

Credit risk is the risk of financial loss to the Company that a customer will fail to meet their contractual obligations. Due to the nature of the services offered to customers, the Company is able to prevent customers from going overdrawn on their wallet or per-paid card.

Liquidity Risk

The Company ensures that it maintains sufficient cash and liquid resources to cover likely future settlement and client money safeguarding obligations. Additional liquidity is available from the parent and wider Group if required.

The Company prepares forecasts and stress testing to ensure that it will have sufficient cash in future periods.

Currency Risk

Foreign currency exchange risk is the risk that the value of a financial instrument will vary with respect to foreign currency fluctuations. The Company monitors this risk and reviews policies on a regular basis to minimise this risk.

NVAYO LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Financial key performance indicators

The Company made significant progress throughout the year in relation to key elements of its strategy. The Board monitors the progress of the Company by reference to the following KPIs:

	2019 £	2018 £	
Turnover	5,008,401	8,453,305	A reduction in active accounts due to a review of the customer base resulted in a fall in turnover in H2 2019.
Turnover growth	-41%	70%	
Administrative expenses	2,619,053	87,169	Administrative expenses increased as the Company continued to build-out its operating platform and support functions to support the of Club Swan.
Profit for the year in	1,789,501	7,988,559	Profitability decreased in 2019 due to the revenue pressures and continuing investment Club Swan build-out.
Intangible asset additions	1,831,644	1,463,941	Investment in the Company's technology platform continues and increased in 2019.
Capital and reserves	14,385,249	12,595,748	The company continues to maintain significant levels of reserves.

This report was approved by the board on

12/06/2020

and signed on its behalf.


C. Jacklin
Director

NVAYO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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.

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.

Results and dividends

The profit for the year, after taxation, amounted to £1,806,901 (2018 - £7,931,863).

Directors

The directors who served during the year were:

C Jacklin
P Seymour (resigned 31 January 2019)
L Kirkham (appointed 23 January 2019)

Research and development activities

During 2019 the Company continued to invest heavily, in the development of the technology platform that underpins the services offered to customers. Nvayo technology places security, scalability and functionality at the center of the design. The platform represents the very best of contemporary financial services agile platforms. Best in class technology providers have been used throughout to provide key capabilities, all tied together through one integrated platform. Software development spend of £1.83m has been capitalised as an intangible asset during the year (2018: £1.46m) where the activities meets the recognition criteria to do so.

NVAYO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

Following the year end there has been the COVID-19 global pandemic. The directors have addressed this in note 2.4 of the financial statements.

Auditors

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



C Jacklin
Director

Date: 12/06/2020

NVAYO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NVAYO LIMITED

Opinion

We have audited the financial statements of Nvayo Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, 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 31 December 2019 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 Auditors' 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 Auditors' 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.

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.

NVAYO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NVAYO LIMITED (CONTINUED)

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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, 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 4, 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.

Auditors' 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 Auditors' 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 Auditors' Report.

NVAYO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NVAYO LIMITED (CONTINUED)

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 Auditors' 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.



Richard Vass (Senior Statutory Auditor)

for and on behalf of
Price Bailey LLP

Chartered Accountants
Statutory Auditors

Dashwood House
69 Old Broad Street
London
EC2M 1QS

Date: 12 June 2020

NVAYO LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

		2019	As restated 2018
		£	£
Turnover	4	5,008,401	8,453,305
Cost of sales		(569,290)	(387,507)
Gross profit		<u>4,439,111</u>	<u>8,065,798</u>
Administrative expenses		(2,601,653)	(87,169)
Operating profit	5	<u>1,837,458</u>	<u>7,978,629</u>
Interest receivable and similar income	8	14,110	9,930
Interest payable and expenses	9	(44,667)	-
Profit before tax		<u>1,806,901</u>	<u>7,988,559</u>
Tax on profit	10	-	(56,696)
Profit for the financial year		<u><u>1,806,901</u></u>	<u><u>7,931,863</u></u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the Statement of Comprehensive Income.

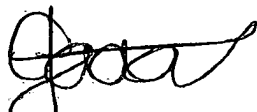
The notes on pages 12 to 25 form part of these financial statements.

NVAYO LIMITED
REGISTERED NUMBER: 06035209

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	As restated 2018 £
Fixed assets			
Intangible assets	11	2,807,605	1,463,941
Tangible assets	12	19,488	3,565
Investments	13	1,120	-
Current assets			
Debtors: amounts falling due within one year	14	14,457,193	9,950,011
Cash at bank and in hand	15	135,506	2,024,024
		14,592,699	11,974,035
Creditors: amounts falling due within one year	16	(998,263)	(845,793)
Net current assets		13,594,436	11,128,242
Creditors: amounts falling due after more than one year	17	(2,020,000)	-
Net assets		14,402,649	12,595,748
Capital and reserves			
Called up share capital	19	7,851,580	7,851,580
Capital contribution	20	4,244,666	4,244,666
Profit and loss account	20	2,306,403	499,502
		14,402,649	12,595,748

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



C. Jacklin
 Director

Date: 12/06/2020

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

NVAYO LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Capital contribution £	Profit and loss account £	Total equity £
At 1 January 2018 (as previously stated)	7,851,580	4,244,666	(11,339,783)	756,463
Prior year adjustment	-	-	3,907,422	3,907,422
At 1 January 2018 (as restated)	<u>7,851,580</u>	<u>4,244,666</u>	<u>(7,432,361)</u>	<u>4,663,885</u>
Comprehensive income for the year				
Restated profit for the year	-	-	7,931,863	7,931,863
At 1 January 2019 (as previously stated)	7,851,580	4,244,666	(350,834)	11,745,412
Prior year adjustment	-	-	850,336	850,336
At 1 January 2019 (as restated)	<u>7,851,580</u>	<u>4,244,666</u>	<u>499,502</u>	<u>12,595,748</u>
Comprehensive income for the year				
Profit for the year	-	-	1,806,901	1,806,901
At 31 December 2019	<u><u>7,851,580</u></u>	<u><u>4,244,666</u></u>	<u><u>2,306,403</u></u>	<u><u>14,402,649</u></u>

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

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Nvayo Limited is a private company limited by shares incorporated in England & Wales within the United Kingdom. The address of the Registered Office is given in the company information of these financial statements.

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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland 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 judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of AU Card Limited as at 31 December 2019 and these financial statements may be obtained from Companies House.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 Going concern

Following the year end the company has been affected, like all UK based businesses, by restrictions imposed by the UK Government in response to the COVID-19 pandemic. The result of this is that the company's premises have closed but the business operations have continued largely unaffected, with staff working remotely from home. Nvayo's turnover is dependent on its customers transacting through their e-money wallets and transaction volumes were impacted by the pandemic. Auraa Lifestyle transaction volume and size were depressed due to the uncertainty at the start of the pandemic. However, as the Club Swan product is new and the existing customer base is growing rapidly this product was less impacted. The loss of income and cashflow has been partially offset by cost efficiency measures, particularly saving on office lease costs.

The directors consider that the resources available to the company will be sufficient for it to be able to continue as a going concern during the restrictions and once the restrictions are lifted. However, there remains uncertainty about how long the restrictions will last and the level of demand once the restrictions have ended which could affect this assessment. The financial statements do not contain any adjustments that would be required if the company were not able to continue as a going concern.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pounds Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the previous month end 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.6 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover 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 turnover is recognised:

Income from the company's principle activities is recognised when a customer has executed a transaction and associated fees can be charged in line with contractual agreements.

2.7 Operating leases

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

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 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, which range from 3 to 6 years.

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.

2.9 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.11 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 accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Taxation

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.

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.13 Intangible assets

Intangible assets are initially recognised at cost once the recognition criteria has been met. After recognition, under the cost model, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged from when the intangible asset is available for use and is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software development	-	3	years
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Amortisation is included in 'administrative expenses' in the profit and loss account.

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. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Software development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.14 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.

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.14 Tangible fixed 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.

Depreciation is provided on the following basis:

Computer equipment	-	33% straight-line
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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.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.16 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.

2.17 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.

As required by the Electronic Money Regulations 2011, client money is safeguarded in separate safeguarded bank accounts and not included as part of the balance of cash at bank.

2.18 Creditors

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

2.19 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

NVAYO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors make estimates and assumptions concerning the future based on their knowledge of the business and the markets it operates in. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. Areas considered to be potentially material to the financial statements include the provision for unrecoverable debts.

4. Turnover

Analysis of turnover by country of destination:

	2019	2018
	£	£
United Kingdom	27,394	153,749
United States of America	1,714,106	4,811,194
Rest of Europe	1,094,578	479,778
Rest of the World	2,172,323	3,008,584
	5,008,401	8,453,305

5. Operating profit

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

	2019	2018
	£	£
Foreign exchange losses/(gains)	714,532	(497,537)
Other operating lease rentals	207,461	103,065
	921,993	(394,472)

6. Auditors' remuneration

	2019	2018
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12,900	18,000
	12,900	18,000

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

NVAYO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Employees

	2019 £	2018 £
Wages and salaries	234,265	127,205
Social security costs	58,727	22,641
Cost of defined contribution scheme	18,970	4,697
	311,962	154,543
	311,962	154,543

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

	2019 No.	2018 No.
Employees	6	4
	6	4
	6	4

8. Interest receivable

	2019 £	2018 £
Other interest receivable	14,110	9,930
	14,110	9,930
	14,110	9,930

9. Interest payable and similar expenses

	2019 £	2018 £
Other loan interest payable	18,613	-
Other interest payable	26,054	-
	44,667	-
	44,667	-

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Taxation

	2019 £	As restated 2018 £
Corporation tax		
Current tax on profits for the year	-	56,696
	<u> </u>	<u> </u>
Taxation on profit on ordinary activities	<u> </u>	<u> </u>
	-	56,696
	<u> </u>	<u> </u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	As restated 2018 £
Profit on ordinary activities before tax	1,806,901	7,988,559
	<u> </u>	<u> </u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	339,102	1,517,826
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(344,886)	(277,975)
Capital allowances for year in excess of depreciation, amortisation and capital in revenue	89,594	(863)
Trading losses brought forward pre 01/04/2017	-	(611,179)
Trading losses brought forward post 01/04/2017	(2,681)	(287,399)
Adjustment in research and development tax credit leading to a decrease in the tax charge	(370,441)	(283,714)
Unrelieved tax losses carried forward	289,312	-
	<u> </u>	<u> </u>
Total tax charge for the year	<u> </u>	<u> </u>
	-	56,696
	<u> </u>	<u> </u>

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Intangible assets

	Software development £
Cost	
At 1 January 2019 (as previously stated)	184,881
Prior Year Adjustment	1,463,941
At 1 January 2019 (as restated)	1,648,822
Additions - internal	1,831,644
At 31 December 2019	<u>3,480,466</u>
Amortisation	
At 1 January 2019	184,881
Charge for the year on owned assets	487,980
At 31 December 2019	<u>672,861</u>
Net book value	
At 31 December 2019	<u>2,807,605</u>
At 31 December 2018 (as restated)	<u>1,463,941</u>

The restatement of intangible assets has arisen as part of the Company's research and development claim. Further detail of this can be found in note 21.

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Tangible fixed assets

	Computer equipment £
Cost or valuation	
At 1 January 2019	66,195
Additions	19,531
At 31 December 2019	<u>85,726</u>
Depreciation	
At 1 January 2019	62,630
Charge for the year on owned assets	3,608
At 31 December 2019	<u>66,238</u>
Net book value	
At 31 December 2019	<u>19,488</u>
At 31 December 2018	<u>3,565</u>

NVAYO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
Additions	1,120
At 31 December 2019	1,120

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Nvayo Global Services Private Limited	India	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit
Nvayo Global Services Private Limited	1,196	1,196

14. Debtors

	2019 £	As restated 2018 £
Amounts owed by group undertakings	12,677,004	9,165,807
Other debtors	614,632	624,017
Prepayments and accrued income	316,994	160,187
Tax recoverable	848,563	-
	14,457,193	9,950,011

15. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	135,506	2,024,024

NVAYO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Creditors: Amounts falling due within one year

	2019	As restated 2018
	£	£
Other loans	18,613	-
Trade creditors	102,711	8,680
Amounts owed to group undertakings	396,569	202,235
Corporation tax	-	251,107
Other taxation and social security	24,577	16,935
Customer liabilities	370,526	259,677
Other creditors	15,921	2,757
Accruals and deferred income	69,346	104,402
	<u>998,263</u>	<u>845,793</u>

As required by the Electronic Money Regulations 2011, client money is safeguarded in safeguarded bank accounts and not included as part of the balance of cash at bank.

17. Creditors: Amounts falling due after more than one year

	2019	2018
	£	£
Other loans	2,020,000	-
	<u>2,020,000</u>	<u>-</u>

NVAYO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Other loans	18,613	-
	18,613	-
Amounts falling due 1-2 years		
Other loans	2,020,000	-
	2,020,000	-
	2,038,613	-

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
7,851,580 (2018 - 7,851,580) Ordinary shares of £1 each	7,851,580	7,851,580
	7,851,580	7,851,580

20. Reserves

Capital contribution reserve

This represents capital contributions received from shareholders for no additional shares in the company.

Profit and loss account

The profit and loss reserve represents accumulated comprehensive income for the year and prior periods less any dividends paid.

21. Prior year adjustment

In the prior year, an adjustment has been made in regard to associated expenditure belonging to the Company that had been initially recognised in AU Card LLC and PMA Media Group Inc., fellow group companies. These transactions arose as part of the development of the digital platform, which the Company operates and owns. These transactions have now been subsequently transferred to the correct entity and the software development costs have been capitalised as an intangible asset. This has resulted in the company now generating a pre tax profit of £7,988,559 having previously stated a pre tax profit of £7,994,213. As part of this transaction a research and development claim has been made. This has resulted in a post tax profit of £7,931,863 having previously stated a post tax profit of £7,087,181.

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

22. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £18,970 (2018 - £4,697).

The contributions of £4,200 (2018 - £1,804) were outstanding to the fund at 31 December 2019.

23. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	222,840	27,960
Later than 1 year and not later than 5 years	55,980	-
	<u>278,820</u>	<u>27,960</u>

The operating lease payments recognised as expenditure amounted to £207,461 (2018 - £103,065).

After the year end the Company entered into an agreement with its landlord to terminate the office lease with effect from 31 May 2020.

24. Related party transactions

The Company has taken advantage of the exemption from the requirement to disclose transactions with wholly owned group companies.

During the period the company received a loan from C Scanlon, the ultimate beneficial owner, of £2,020,000 (2018 - £NIL) and interest was charged on this loan of £18,613 (2018 - £NIL)

As at 31 December 2019 the company owed £2,038,613 (2018 - £NIL) which is included within other loans.

25. Controlling party

The ultimate holding Company is PMA Media Group Inc. a Company incorporated in the USA.

The Company's immediate holding Company during the year is AU Card Limited a Company incorporated in the UK under the same trading address.