

PXP SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

PXP SOLUTIONS LIMITED

COMPANY INFORMATION

Directors

F Del Basso (resigned 13 January 2021)
K Vanpraet (resigned 30 June 2021)
J Bell
K Hedjri (appointed 2 August 2021)

Registered number

02117319

Registered office

The Corn Mill
1 Roydon Road
Stanstead Abbots
Hertfordshire
SG12 8XL

Independent auditors

Price Bailey LLP
Chartered Accountants & Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

PXP SOLUTIONS LIMITED

CONTENTS

| | Page |
|--|---------|
| Strategic Report | 1 - 3 |
| Directors' Report | 4 - 5 |
| Independent Auditors' Report | 6 - 9 |
| Statement of Comprehensive Income | 10 |
| Statement of Financial Position | 11 |
| Statement of Changes in Equity | 12 - 13 |
| Notes to the Financial Statements | 14 - 26 |

PXP SOLUTIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Organisational overview

PXP Solutions Limited is a subsidiary of PXP Financial Group Limited. The principal activity of the company is that of software design with technical support and computer consultancy services.

Business Model

PXP Solutions provides a card and alternative payment methods focussed technical payment gateway solution to merchants. The suite of solutions offered by the company, which creates added value for our clients (and their customers), include PCI, P2PE certified applications, Tokenisation and Offline and Online PIN verification for processing local debit/credit cards in online PIN regions across multiple payment channels. The company services merchants in numerous countries in Europe and in North America, offering a robust, safe and secure technical solution, which provides continuous service, operating 24 hours a day, 365 days a year.

Strategy

PXP Solutions Limited has continued to enhance its ANYpay payment platform throughout 2020. On an ongoing basis, the business employs a mix of tactical and strategic enhancements and upgrades to maintain and develop the platform and technology it offers.

Performance Assessment, financial review and key performance indicators.

A key performance indicator for the company is that of settled transaction numbers, which have decreased by 34.0% (31 December 2019: increase of 17.3%) from prior year. As discussed further below, this was predominantly a result of the COVID-19 pandemic.

Revenue reported for the year was lower than in 2019, principally as the result of the impact of the COVID-19 pandemic, which resulted in a large number number of the Company's customers being forced to temporarily closedown or significantly scale back on their operations during the periods of lockdown.

At the start of 2019, the Board of Directors agreed a 3 year strategic and financial plan for the Company with the PXP Group's shareholder, with a key focus on growing the business through winning new customers and business, broadening the products and services offered to customers, and delivering on opportunities to cross and up sell additional services to the Company's existing customers. Furthermore, this strategy also focused on developing and delivering a full omnichannel acquiring service to customers, including Point of Sale ('PoS') acquiring, where in the Directors view, there is a significant opportunity to deliver future revenue growth. In addition, work was undertaken during both 2019 and 2020 to deliver operational synergies and to identify opportunities to streamline the Company's overhead costs, while maintaining a focus on operational and customer service.

Due to the global COVID-19 pandemic the Company made relatively small progress on delivery of its 3 year strategic plan and the associated benefits to revenue and EBITDA, the Company's key measure of financial trading performance. The majority of Company's customers are from the sectors that were heavily impacted by the pandemic, as such the Company saw the number of processed transactions decline from the start of the pandemic until the lift of the lockdown period. The pandemic caused a decline in the processed transactions during Q2 2020 compared to the same period in 2019 and compared to budget. Q3 and Q4 2020 have also shown a decline against the same periods in 2019, but encouragingly not to the same extent as seen during Q2. In response to the decline, the Company took advantage of short term measures of government supported schemes, primarily around furloughing of a small number of employees, and have identified reductions in non core and non-essential overhead spend, without impacting the service to Company's customers. In addition, the Company have actively engaged with a number of customers who have been severely impacted by the pandemic, in order to work with them to agree arrangements around billing and payment for the services, in order to protect cash income and revenue streams.

Furthermore, the Directors also recognise that the Company operates as an integral part of the broader PXP Financial Group, whereby on a day to day basis the business is operated and managed as an overall combined Group, with decisions taken and each individual entity operating, with the aim of delivering the best financial outcome for the Group overall.

PXP SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

The UK departed the European Union on 31 January 2020 with the transitionary period ending on 31 December 2020. PXP Solutions Limited is predominantly a UK based business with vast majority of customers being in the UK and US, as such there has been minimal impact on our business from Brexit. Furthermore, the business activities of the Company are not regulated and therefore the loss of passporting rights for regulated UK firms does not directly impact on the Company's activities.

Risks and uncertainties

Risk management is an integral part of managing our business and PXP Solutions Limited formally maintains and reviews its risks register on a regular basis. Due to the nature of the technical services offered, the key risks to the company are technology related. In order to mitigate those risks the Company has appropriate and robust policies and procedures in place.

IT risk

The Company is exposed to significant IT risks through the processing of financial transactions through its payments gateway. The key risks include ensuring the availability of the payment gateway to payment processors and customers and ensuring that the data transferred throughout the payment gateway is safe and secure. PXP Solutions Limited continues to ensure its Data Security Policy and measures it employs, are robust and effective in mitigating any IT risks. In addition, the Company's approach to managing and mitigating these risks are assessed through regular external audits by Qualified Security Assessors and its ongoing certification to the Payment Card Industries Data Security Standards (PCI DSS).

Credit Risk

Credit risk is the risk of financial loss to the Company where a customer fails to meet their contractual obligations. Due to the nature of the service offered, the Company is able to switch off the service to customers to process payment transactions, where it becomes clear there is a likelihood that the customer can not pay for the ongoing service. In addition, the Company's customer base is typically long standing and invoices payable are monitored closely to highlight any overdue payments. We therefore feel we are in a strong position to ensure customers pay in accordance with their contracted terms and this is proactively managed on an ongoing basis.

Emerging risk

As well as assessing ongoing risk, we also consider how the business could be affected by emerging risks over the longer term. These are risks which may develop but have a greater level of uncertainty attached to them. It is often possible to predict the potential impacts of emerging risks, but less possible to predict their likelihood, timing and velocity.

The global coronavirus pandemic involving the spread of COVID-19 presents a number of different risks to the business. The safety of our employees and those in our care is our first priority and is at the forefront of our response to the pandemic. It also creates a significant financial risk to the business with a number of our customers being impacted, including but not limited to those in the travel and hospitality sectors.

Given the success of the UK vaccination programme to date, easing of the UK COVID measures and restrictions and the strength of the portfolio along with support from the parent entity, we do not believe there to be material additional risks due to COVID. It is our view that the business will remain resilient and continue to mitigate further COVID risks should they arise. There is therefore no change to our overall going concern assumption.

We actively keep up to date with government announcements and hold regular management meetings to assist in further reducing the financial risk that COVID-19 may have on our business and monitoring the potential medium- and long-term impacts.

PXP SOLUTIONS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Corporate governance

As a recognised payment gateway, we must ensure we are in compliance with PCI standards. The PXP Group has established compliance and risk management processes through the use of workshops, committees, and regular and timely reporting to ensure that risks are identified, monitored and appropriately managed on an on going basis and that significant risks are escalated to the board of directors when necessary.

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

J Bell
Director

Date: 28 October 2021

PXP SOLUTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the company in the period under review was that of software design, technical support and computer consultancy services.

Directors

The Directors who served during the year were:

F Del Basso (resigned 13 January 2021)
K Vanpraet (resigned 30 June 2021)
J Bell

Results and dividends

The loss for the year, after taxation, amounted to £464,208 (2019 - loss £864,166).

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 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

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.

PXP SOLUTIONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Auditors

Under section 487(2) of the Companies Act 2006, Price Bailey LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

J Bell

Director

Date: 28 October 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PXP SOLUTIONS LIMITED

Opinion

We have audited the financial statements of PXP Solutions Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 101 'Reduced Disclosure Framework' (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 2020 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 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

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out 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.

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

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.

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

We did not identify specific laws or regulations that would cause non-compliance with legislation to be a key risk area for the Company. We therefore deemed this area as low risk, and so performed the following standard procedures only:

- Enquiry of management around actual and potential litigation and claims, and any known instances of non-compliance;
- Reviewing minutes of meetings of those charged with governance;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- Reviewing our work throughout the audit file for evidence of non-compliance.

Due to factors such as the use of judgement, sample testing and the inherent limitations of internal control, these procedures are capable of obtaining reasonable, but not absolute, assurance that irregularities have been detected.

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.

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

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 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, as a body, 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

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

Date: 29 October 2021

PXP SOLUTIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | 2020 £ | 2019 £ |
|---------------------------------------|------|-------------------------|-------------------------|
| Turnover | 4 | 3,836,277 | 4,285,984 |
| Cost of sales | | (77,449) | (86,385) |
| Gross profit | | <u>3,758,828</u> | <u>4,199,599</u> |
| Administrative expenses | | (5,590,526) | (6,404,230) |
| Other operating income | 5 | <u>1,411,653</u> | <u>1,368,371</u> |
| Operating loss | 6 | <u>(420,045)</u> | <u>(836,260)</u> |
| Interest payable and similar expenses | 10 | <u>(44,163)</u> | <u>(27,906)</u> |
| Loss before tax | | <u>(464,208)</u> | <u>(864,166)</u> |
| Tax on loss | 11 | - | - |
| Loss for the financial year | | <u><u>(464,208)</u></u> | <u><u>(864,166)</u></u> |

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019 - £NIL).

The notes on pages 14 to 26 form part of these financial statements.

PXP SOLUTIONS LIMITED
REGISTERED NUMBER: 02117319

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

| | Note | 2020 £ | 2019 £ |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 11,193 | 42,189 |
| Tangible assets | 13 | 1,522,419 | 1,706,822 |
| | | <u>1,533,612</u> | <u>1,749,011</u> |
| Current assets | | | |
| Debtors: Amounts falling due within one year | 14 | 889,764 | 942,320 |
| Cash at bank and in hand | 15 | 1,738 | 103,602 |
| | | <u>891,502</u> | <u>1,045,922</u> |
| Total assets | | <u><u>2,425,114</u></u> | <u><u>2,794,933</u></u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 100 | 100 |
| Profit and loss account | | (2,678,790) | (2,214,582) |
| | | <u>(2,678,690)</u> | <u>(2,214,482)</u> |
| Creditors: Amounts Falling Due Within One Year | 16 | 3,933,569 | 1,988,825 |
| Creditors: Amounts Falling Due After More Than One Year | 17 | 1,170,235 | 3,020,590 |
| Total liabilities | | <u><u>2,425,114</u></u> | <u><u>2,794,933</u></u> |

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

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

J Bell
Director

Date: 28 October 2021

The notes on pages 14 to 26 form part of these financial statements.

PXP SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|--------------------|
| | £ | £ | £ |
| At 1 January 2020 | 100 | (2,214,582) | (2,214,482) |
| Comprehensive income for the year | | | |
| Loss for the year | - | (464,208) | (464,208) |
| | <hr/> | <hr/> | <hr/> |
| Other comprehensive income for the year | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the year | - | (464,208) | (464,208) |
| | <hr/> | <hr/> | <hr/> |
| Total transactions with owners | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2020 | <u>100</u> | <u>(2,678,790)</u> | <u>(2,678,690)</u> |

The notes on pages 14 to 26 form part of these financial statements.

PXP SOLUTIONS LIMITED

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

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|--------------------|
| | £ | £ | £ |
| At 1 January 2019 | 100 | (1,350,416) | (1,350,316) |
| Comprehensive income for the year | | | |
| Loss for the year | - | (864,166) | (864,166) |
| Total comprehensive income for the year | - | (864,166) | (864,166) |
| Total transactions with owners | - | - | - |
| At 31 December 2019 | <u>100</u> | <u>(2,214,582)</u> | <u>(2,214,482)</u> |

The notes on pages 14 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

The Company is a private company limited by shares and is incorporated in England and Wales. The address of its Registered Office is The Corn Mill, 1 Roydon Road, Stanstead Abbots, Hertfordshire, SG12 8XL.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 101 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 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.3 Going concern

The Company made a loss after tax for the year of £464,208 (2019 - loss £864,166) and had net current liabilities as at 31 December 2020 of £3,042,067 (2019 - net current liabilities £942,903).

The Company continues in the short term to be reliant on the continued support of its shareholder in order to be able to meet its day to day liabilities. The shareholders have extended the terms for the loan repayable in December 2021 so that it is now repayable in December 2025. The Directors are confident of the continued support.

The Company's strategy is to grow its business through increasing revenue with its existing customers, including offering additional services to those customers, as well as winning business with new customers. The Directors are of the view that this will ultimately mean the Company becomes self sufficient and will be no longer reliant on support from its shareholder.

The Coronavirus Pandemic has had an impact during the current year financial year on the Company's ability to deliver against its growth strategy, both as a result of the impact of the pandemic on the Company's existing customers and on its ability to win new business. The Board of Directors also agreed a 3 year strategic and financial plan with the PXP Group's shareholder at the start of 2019. This includes a focus on delivering on cross and up sell opportunities of services to the Company's existing customers, along with developing a full omnichannel acquiring service, including Point of Sale ('PoS') acquiring. Delivery against this strategy mean that the Directors are of the view that this will ultimately mean the company becomes self sufficient and will be no longer reliant on support from its shareholder.

Given the ongoing uncertainty around the future impact and continuous development of the Coronavirus pandemic, the Directors have considered the impacts as part of their going concern review.

As a result of these general uncertainties in respect of the pandemic, its ongoing impact on the business is also subject to a significant level of uncertainty. The Directors continue to monitor the impact of the pandemic on a regular basis and along with the management team, have taken a number of steps to mitigate the financial impact. The Company took advantage of Government support schemes introduced, primarily the furlough scheme which was used for a small number of employees. The Company has also identified reductions in non-core and non-essential overhead spend, without impacting the service to Company's customers. In addition, the Company have actively engaged with a number of customers who have been severely impacted by the pandemic, in order to work with them to agree arrangements around billing and payment for the services, in order to protect cash income and revenue streams.

While the general uncertainties around the future extent and development of the pandemic mean the exact and any lasting impact of the pandemic on the business are difficult to accurately quantify, the Directors believe that the actions which have been taken are sufficient to adequately mitigate the current and future financial and other risks to the business. This assessment is supported by the success of the UK vaccination programme to date, subsequent easing of the UK covid measures and restrictions and the strength of the portfolio.

As such, and after considering the latest financial forecasts for the business and for the broader Group, the Directors consider that the Company will continue in operational existence for the foreseeable future and the financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Turnover and Non Trading Income

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover derives mainly from services provided under software and support agreements, which comprise of licence fees; set up fees; engineering consultancy fees; sale of hardware; support and maintenance charges for the term of the agreement.

Fees from hosting, support and maintenance agreements are invoiced in advance of the services provided and an adjustment is made at period end to account for the deferred income element.

For all existing agreements and where customers are operated on a hosted service, volume invoices are generated at month end for the number of transactions processed through the company's platforms. The revenue is recognised in the month or year in which the process or service took place and is therefore not subject to the same deferment adjustment as with the above.

Turnover relating to the sale of perpetual licences are recognised in full at the time the sale takes place.

Non trading Income, included within other operating income, relates largely to recharge for facilities to other members of the group for the usage of The Corn Mill offices, along with intercompany transactions related to Intellectual Property.

2.5 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

| | | |
|------------------------------|---|-----|
| Long-term leasehold property | - | 10% |
| Fixtures and fittings | - | 20% |
| Computer equipment | - | 33% |

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 profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 Government grants

Government grants received on capital expenditure are initially recognised within deferred income on the Company's Statement of Financial Position and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

2.8 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Comprehensive Income account.

2.11 Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

2.12 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.

2.13 Financial assets

Trade and other receivables

Trade and other receivables are attributable to activities relating to software design with technical support and computer consultancy services and are recognised at fair value. Trade and other receivables are recognised when an invoice is raised and credit control processes are in place to collect any debts which have been paid within the designated payment terms. The receivables balances is subsequently cleared once payment has been received. Other receivables consists of security deposits and prepaid expenses.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income as a bad debt. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.14 Financial liabilities

Trade and other payables

Trade and other payables are generated through the normal means of trading and are recognised at fair value. The payables balance is subsequently cleared once payment has been made. All suppliers' terms and credit periods are adhered to by the Company. Other payables show balances which are due to be paid on behalf of employee related creditors.

Trade payables are measures at fair value.

Other financial liabilities

Loans from group companies are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method. The difference between the fair value of the loan on initial recognition and the amount of the proceeds is credited directly to equity as a capital contribution.

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

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The directors have considered the critical accounting estimates and judgements using the financial statements and concluded that the main areas of judgement are detailed below.

Useful lives of tangible fixed assets

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten, then depreciation charges in the financial statements would increase and carrying amounts of the tangible fixed assets would reduce accordingly. The carrying amount of the tangible fixed assets by each class is included in note 13.

Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing the recoverability impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience.

PXP SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. Turnover

Analysis of turnover by country of destination:

| | 2020 £ | 2019 £ |
|-------------------|------------------|------------------|
| United Kingdom | 1,920,817 | 2,238,732 |
| Rest of Europe | 319,269 | 520,941 |
| Rest of the world | 1,596,191 | 1,526,311 |
| | <u>3,836,277</u> | <u>4,285,984</u> |

5. Other operating income

| | 2020 £ | 2019 £ |
|----------------------------------|------------------|------------------|
| Coronavirus Job Retention Scheme | 34,630 | - |
| Intercompany revenue | 1,377,023 | 1,368,371 |
| | <u>1,411,653</u> | <u>1,368,371</u> |

6. Operating loss

The operating loss is stated after charging:

| | 2020 £ | 2019 £ |
|---|-----------------|-----------|
| Depreciation of tangible fixed assets | 298,026 | 159,379 |
| Amortisation of intangible assets, including goodwill | 30,996 | 31,796 |
| Exchange differences | (119,246) | 209,971 |
| Government grants receivable - Coronavirus Job Retention Scheme | <u>(34,630)</u> | <u>-</u> |

7. Auditors' remuneration

| | 2020 £ | 2019 £ |
|---|---------------|---------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | <u>16,100</u> | <u>15,750</u> |

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.

PXP SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8. Employees

| | 2020 £ | 2019 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 2,198,140 | 2,500,304 |
| Social security costs | 239,901 | 271,524 |
| Cost of defined contribution scheme | 40,215 | 39,907 |
| | <u>2,478,256</u> | <u>2,811,735</u> |

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

| | 2020 No. | 2019 No. |
|-------------------|-------------|-------------|
| Operations | 34 | 37 |
| Development | 6 | 4 |
| Sales & marketing | 4 | 6 |
| | <u>44</u> | <u>47</u> |

9. Directors' remuneration

| | 2020 £ | 2019 £ |
|---|----------------|----------------|
| Directors' emoluments | 181,507 | 185,131 |
| Company contributions to defined contribution pension schemes | 1,314 | 1,609 |
| | <u>182,821</u> | <u>186,740</u> |

During the year retirement benefits were accruing to 1 Director (2019 - 2) in respect of defined contribution pension schemes.

10. Interest payable and similar expenses

| | 2020 £ | 2019 £ |
|--|---------------|---------------|
| Loans from group undertakings | 6,665 | 9,649 |
| Finance leases and hire purchase contracts | 37,498 | 18,257 |
| | <u>44,163</u> | <u>27,906</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Taxation

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Corporation tax | | |
| Current tax on profits for the year | - | - |
| Deferred tax | | |
| Origination and reversal of timing differences | - | - |
| | <u>-</u> | <u>-</u> |
| Taxation on profit on ordinary activities | <u>-</u> | <u>-</u> |
| Factors affecting tax charge for the year | | |

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

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Loss on ordinary activities before tax | <u>(464,208)</u> | <u>(864,166)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%) | (88,200) | (164,192) |
| Effects of: | | |
| Capital allowances for year in excess of depreciation | (36,233) | (75,789) |
| Group relief | 124,433 | 239,981 |
| | <u>-</u> | <u>-</u> |
| Total tax charge for the year | <u>-</u> | <u>-</u> |

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

PXP SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Intangible assets

| | Computer software £ |
|-------------------------------------|---------------------------|
| Cost | |
| At 1 January 2020 | 248,686 |
| | <hr/> |
| At 31 December 2020 | 248,686 |
| | <hr/> |
| Amortisation | |
| At 1 January 2020 | 206,497 |
| Charge for the year on owned assets | 30,996 |
| | <hr/> |
| At 31 December 2020 | 237,493 |
| | <hr/> |
| Net book value | |
| At 31 December 2020 | 11,193 |
| | <hr/> |
| At 31 December 2019 | 42,189 |
| | <hr/> |

PXP SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Tangible fixed assets

| | Long-term leasehold property £ | Fixtures and fittings £ | Total £ |
|-------------------------------------|---|-------------------------------|------------|
| Cost or valuation | | | |
| At 1 January 2020 | 1,446,035 | 2,445,153 | 3,891,188 |
| Additions | - | 113,623 | 113,623 |
| At 31 December 2020 | 1,446,035 | 2,558,776 | 4,004,811 |
| Depreciation | | | |
| At 1 January 2020 | 36,151 | 2,148,215 | 2,184,366 |
| Charge for the year on owned assets | 144,603 | 153,423 | 298,026 |
| At 31 December 2020 | 180,754 | 2,301,638 | 2,482,392 |
| Net book value | | | |
| At 31 December 2020 | 1,265,281 | 257,138 | 1,522,419 |
| At 31 December 2019 | 1,409,884 | 296,938 | 1,706,822 |

The net book value of land and buildings may be further analysed as follows:

| | 2020 £ | 2019 £ |
|----------------|-----------|-----------|
| Long leasehold | 1,265,281 | 1,409,884 |

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

| | 2020 £ | 2019 £ |
|------------------------------------|-----------|-----------|
| Tangible fixed assets owned | 257,138 | 260,787 |
| Right-of-use tangible fixed assets | 1,265,281 | 1,446,035 |
| | 1,522,419 | 1,706,822 |

PXP SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Tangible fixed assets (continued)

Information about right-of-use assets is summarised below:

Net book value

| | 2020 £ | 2019 £ |
|------------------------------|------------------|------------------|
| Long term leasehold property | <u>1,265,281</u> | <u>1,446,035</u> |

14. Receivables

| | 2020 £ | 2019 £ |
|-----------------|----------------|----------------|
| Trade debtors | 706,777 | 436,096 |
| Other debtors | 182,987 | 214,383 |
| Tax recoverable | - | 291,841 |
| | <u>889,764</u> | <u>942,320</u> |

15. Cash and cash equivalents

| | 2020 £ | 2019 £ |
|--------------------------|--------------|----------------|
| Cash at bank and in hand | <u>1,738</u> | <u>103,602</u> |

16. Payables: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 511,819 | 517,263 |
| Amounts owed to group undertakings | 2,204,272 | 326,401 |
| Other taxation and social security | 230,488 | 153,897 |
| Lease liabilities | 130,897 | 127,084 |
| Other creditors | 13,992 | 8,784 |
| Accruals and deferred income | 842,101 | 855,396 |
| | <u>3,933,569</u> | <u>1,988,825</u> |

PXP SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

| | 2020 £ | 2019 £ |
|------------------------------------|------------------|------------------|
| Lease liabilities | 1,170,235 | 1,287,416 |
| Amounts owed to group undertakings | - | 1,733,174 |
| | <u>1,170,235</u> | <u>3,020,590</u> |

18. Share capital

| | 2020 £ | 2019 £ |
|---|------------|------------|
| Allotted, called up and fully paid | | |
| 100 (2019 - 100) Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

19. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2020 £ | 2019 £ |
|--|---------------|---------------|
| Not later than 1 year | 7,384 | 3,782 |
| Later than 1 year and not later than 5 years | 16,614 | 11,976 |
| | <u>23,998</u> | <u>15,758</u> |

20. Related party transactions

The Company has taken advantage of the exemption available under FRS101 paragraph 8(k), not to disclose any transactions with wholly owned subsidiaries included in the consolidated financial statements of its parent company.

21. Controlling party

The ultimate holding company is Senjo Group PTE Limited, who are incorporated in Singapore. The Company's Immediate holding company is PXP Financial Group Limited, a company incorporated in the UK.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.