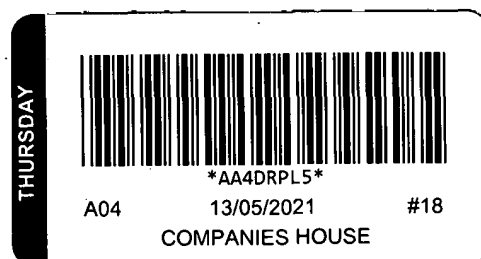


**Company Registration No. 04072405 (England and Wales)**

**ENTROPAY LIMITED**  
**REPORT AND FINANCIAL**  
**STATEMENTS FOR THE YEAR**  
**ENDED**  
**31 DECEMBER 2019**



# ENTROPAY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	M A Spiteri M. D. Peck
<b>Secretary</b>	M A Spiteri
<b>Company number</b>	04072405
<b>Registered office</b>	2 Stephen Street London W1T 1AN
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom
<b>Bankers</b>	Barclays Bank Plc Leicester LE87 2BB United Kingdom

# **ENTROPAY LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 December 2019**

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The directors present the strategic report for the year ended 31 December 2019.

#### **Fair review of the business**

The results for the year are set out on page 8.

2019 was the first full year that EntroPay transitioned fully away from its consumer business and pursued approval to become a self issuing partner and principal member of VISA and Mastercard, these objectives were successfully achieved in July 2019 and March 2020 respectively. EntroPay now provides settlement services for the Ixaris Group and an e-Money institution regulated by the UK's Financial Conduct Authority.

EntroPay continues to hold and manage unclaimed funds from the discontinued consumer business – these had reduced by £2m during 2019 to £0.7m as dormancy and breakage fees were applied to the funds under the consumer agreements.

#### **Principal risks & uncertainties**

The management of the business and the execution of the company's strategy for EntroPay to be the card scheme settlement provider for the Ixaris Group are subject to a number of risks. Management have put in place a series of actions to monitor and mitigate these risks.

- **Transaction volumes and market risk:** EntroPay provides settlement services to Ixaris whose underlying business model is based on transactional volumes, currently flowing from its B2B customers in the Global Travel sector. EntroPay outsources the majority of its activities to Ixaris and employs no full time staff and has a low cost flexible cost structure to mitigate potential market and volume risks.
- **Technical capability:** a serious material technical failure in the platform provision outsourced to Ixaris could affect performance and result in lost business. EntroPay shares a common senior management structure with Ixaris to ensure that appropriate structures and processes are in place to deliver suitable continuity of service.
- **Third party partnerships:** EntroPay's operations rely upon holding principal card scheme membership. The company has secured membership with VISA and Mastercard thereby reducing its single dependency.
- **Regulation:** The company's activities as an e-Money institution are regulated and EntroPay must therefore ensure it reviews and monitors its compliance regime and procedures – which includes those provided by the group. The directors regularly seek the advice and guidance of external professional advisers to further mitigate regulation compliance risk.
- **Financial and liquidity risks:** EntroPay's revenues are generated from Ixaris and is reliant upon the group's success and operations. The directors review the relevant information (including that for the group) on a regular basis to ensure that adequate resources are available to meet the funding requirements for the company, and the group, on a day to day basis and that the financial risks from the company's underlying operations are effectively identified and managed through regular reporting of management information.

#### **S172 statement**

In promoting the success of the Company the directors have regard to a number of stakeholders who contribute to the value and benefit in the widest context to their mutual benefit including the customers, shareholders, suppliers, and partners. In that regard the actions of the board has been to ensure that the Company:

- Provides market leading and cost effective payments technology offerings to the travel market through its core Group contracting relationships.
- Through its outsource arrangements with Ixaris Technologies seek to ensure the continued development of innovative fintech product offerings for the benefit of customers to improve their payment activities to generate cash flows ultimately for the company.
- Business relationships have been advanced during and after the year with key suppliers where EntroPay achieved self issuer principal member status with both VISA (2019) and Mastercard (2020) schemes. Through its group operating partner Ixaris Systems (Malta) the directors have continued to ensure investment in resources to strengthen the regular partnership working with the schemes and have earmarked resources for market surveys and bespoke services for the onward benefit of customers and revenues.

## ENTROPAY LIMITED

- Customer fund safeguarding and regulatory compliance are at the core of operations and essential to EntroPay's reputation in the market. The Company is regulated under the UK's FCA and continues to promote these standards. Post Brexit the Ixaris Group is pursuing a dual regulatory framework under Malta's FSA whereby EntroPay would continue to act as payments agent under the card schemes where relevant to the business transaction and customer location.
- Corporate Governance – the Company has a single shareholder, Ixaris Group Holdings, and the directors work very closely with the Group board to ensure a consistent approach and strategy are adopted and that the outsourced contracting relationships across the Group with Ixaris Solutions, Ixaris Technologies and Ixaris Systems (Malta) are meeting expectations.
- The directors are aware of the wider impact of environmental change and the contributing responsibility of all businesses on their local communities and where possible factors this into decision making processes. The business serves the global travel industry but focuses on improving the efficiency of payments and as such its ability to materially impact its impact on the environment is limited. In the year under review the company does not have any employees.

### Key Performance Indicators

The business has identified a number of key performance indicators by which it measures its success in achieving its targets as agreed with the Board of directors. These targets are shared with key managers within the business and reported on a monthly basis.

*Turnover* for the year ended 31 December 2019 decreased by 79% to £2.3m due to the full year effect of closing the consumer business and strategy to create the card principal membership settlement service.

*Gross margin% of revenue* for year ended 31 December 2019 was 73%, an increase from 57% in 2018. Gross margin reduced from £6.3m to £1.7m.

*Gross margin %* for year ended 31 December 2019 increased to 133bps up from 57bps in 2018.

*Own cash* held at the year ended 31 December 2019 was £0.2m with a further £3.9m deposited as collateral with VISA compared to £1.45 million at 31 December 2018. This result was in line with the expectations of the Board after the decision taken to suspend all consumer business on the EntroPay platform and become a VISA principal member.

On behalf of the board



Date: .....7 April 2021.....

# ENTROPAY LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 December 2019

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

#### Principal activities

EntroPay Limited is a licensed e-money institution. During 2018 it ceased operations providing virtual cards to European consumers and has since changed its business model to provide a payments platform and services to the travel industry and to become a Principal self issuing member of the card networks, VISA and Mastercard.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A M Brown	(Resigned 12 February 2020)
A G Mifsud	(Resigned 4 February 2019)
G W Von Brevern	(Resigned 12 February 2020)
M A Spiteri	
I Balchin	(Resigned 6 January 2020)
M D Peck	(Appointed 15 May 2020)
Y A Ocampo Ladino	(Appointed 1 April 2020, resigned 12 May 2020)

#### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Business decisions and key stakeholder relationships

The directors consider carefully how decisions are made within the business to promote and secure longevity of relationships with suppliers and customers served through Ixaris Solutions. Foremost is the regulatory nature of activities as an e-payments provider and the importance of reputation. In this regard during the year the business:

- Via the Ixaris Group, invested financial and employee resources in stronger direct relationships with 2 major card networks via self issuing.
- Continue to ensure the Company meets and promotes good regulatory standards, in seeking to ensure this the directors have sought ongoing specialist advice and reviews of its operations and payment execution.
- The directors work closely with the key Ixaris contracting partners to ensure the overall group strategy is consistent with the long term development of EntroPay's payment settlement activities and critically that their employees are properly rewarded and motivated so that the card relationships are advanced and new product offerings continue to be launched to the market to support revenue diversification and growth.

#### Going Concern

As of the 31 December 2019 EntroPay held £0.2m of corporate bank balances together with £3.9m of balances held externally as supporting collateral with VISA. In the period since the end of the financial year the business has been materially affected by the global Covid-19 pandemic which has significantly reduced international travel volumes and the volume of transactions and revenues for which EntroPay is the settlement service provider of the Ixaris Group. The directors monitor both EntroPay and group performance and the impacts and mitigating factors considered by the directors with regard to the Going Concern assumption are as follows:

- Payment volumes and revenues have fallen significantly from customers managed by Ixaris Solutions since the end of 2019. The operations and commercial team in Ixaris Technologies and Ixaris Systems (Malta) are focused on diversifying the customer base geographically (particularly into Asia and the Middle East) and into new travel segments (for example hotels and car rentals) to increase the addressable market and to diversify revenues. The Directors note that material uncertainties exist as to when and/or how quickly payment volumes will return in its core markets.

## ENTROPAY LIMITED

- To mitigate risks associated with Brexit the board, in collaboration with the Ixaris Group, has pursued a dual regulation for its e-money services in the EU based under Malta's FSA regime to ensure continuity of operations whilst the UK and EU governments further clarify mutual financial services passporting arrangements.
- Entropay's parent company Ixaris Group Holdings continues to support the operations of Entropay in the form of parental guarantees given the intercompany debtor position
- The cost base of EntroPay is highly operationally geared. In 2019 and into the first half of 2020 the business incurred set up costs under Brexit and self issuing membership which have been covered within existing revenues and cash resources.
- The majority of overhead costs are under contract arrangements with the rest of the group and which are essentially fixed in nature, leaving limited scope to adapt them to revenue movements. The directors are satisfied that these costs are at a very competitive level and continue to be affordable even at the low transaction volumes seen in 2020.
- Cash resources have been maximized by securing new operating trust models with the card scheme leading to the release of most of the collateral held by the schemes which was £3.9m as of 31 December 2019.
- Accordingly, through 2020 and into 2021 EntroPay was trading at or above break even on the materially reduced revenue levels and cash balances as of the 31 December 2020 were in excess of £1.2m.

### Auditor

RSM UK Audit LLP is not seeking reelection as auditor and the board are in the final stages of appointing a replacement auditor.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### Strategic report

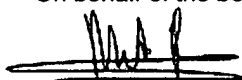
The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. Particular attention is drawn to the statements regarding the Fair Review of the business and the steps taken in relation to continued product development; dealing with Brexit and the Covid pandemic and the relationships established as part of the strategic move to be a card scheme self issuer under VISA and Mastercard.

### Post balance sheet events

In March 2020 the business encountered the global Covid pandemic which significantly reduced travel with the consequential impact on revenues and cashflows. The key risks and impacts are covered in the statement regarding Going Concern above. The outlook for the last half of 2021 and 2022 has improved following the roll out of vaccine programs in Europe and travel activity in the Far and Middle East where the business has been successful in securing new customers. The board has continued to progress its product development roadmap and invest resources in the payment offerings via its contract with Ixaris Systems Malta which is critical to the long run success of the business as the travel sector returns towards the pre-2020 position. Management continue to closely monitor the situation and prospective impact on the performance and financial position of the Company. The Directors are of the view that as the current outlook has materially improved since the height of the pandemic in the summer of 2020 it has not had a material impairment of the balance sheet. The Directors remain confident of the liquidity position and that the entity remains a going concern.

In March 2020 Entropay was successful in securing principal card membership with Mastercard, supplementing its existing relationship with VISA. The board expect this to be material to reducing its long term costs of servicing customers and enhancing the range of card offerings.

On behalf of the board



Date: ..... 7 April 2021...

## **ENTROPAY LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 December 2019**

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The directors are responsible for preparing the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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.

# ENTROPAY LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENTROPAY LIMITED

### Opinion

We have audited the financial statements of EntroPay Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, 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 FRS 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;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Material Uncertainty Related to Going Concern

We draw attention to note 1 in the financial statements, which indicates that the company has been adversely affected by the impact of the Covid-19 (Coronavirus) outbreak. Whilst the directors are taking action to mitigate the impact, given the unpredictable nature and impact of the outbreak, and how rapidly the responses to the outbreak are changing, the directors are unable to predict the full extent of the impact with regards to the going concern basis of accounting and its related disclosures. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1 and 19, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

We have nothing to report in this regard.

### Opinions 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.

## ENTROPAY LIMITED

### 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 set out on page 5, 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.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### Use of our report

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



Neil Griggs, FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB  
United Kingdom

Date 8 April 2021

**ENTROPAY LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 December 2019**

		<b>2019</b>	<b>2018</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>		2,271	11,053
Cost of sales		(613)	(4,729)
<b>Gross profit</b>		1,658	6,324
Administrative expenses		(1,198)	(4,235)
<b>Operating profit</b>	<b>6</b>	460	2,089
Interest receivable and similar income	<b>7</b>	10	10
Interest payable and similar expenses	<b>8</b>	(4)	(2)
<b>Profit before taxation</b>		466	2,097
Tax on profit	<b>9</b>	-	112
<b>Profit for the financial year</b>		<u>466</u>	<u>2,209</u>

# ENTROPAY LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 December 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	10		4		11
Investments	11		-		-
			<u>4</u>		<u>11</u>
<b>Current assets</b>					
Debtors	12	22,086		20,555	
Cash at bank and in hand		6,819		9,992	
		<u>28,905</u>		<u>30,547</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(8,312)</u>		<u>(10,427)</u>	
<b>Net current assets</b>			20,593		20,120
<b>Total assets less current liabilities</b>			<u>20,597</u>		<u>20,131</u>
<b>Capital and reserves</b>					
Called up share capital	15		3		3
Share premium account	16		11,752		11,752
Profit and loss reserves	16		8,842		8,376
<b>Total equity</b>			<u>20,597</u>		<u>20,131</u>

The financial statements were approved by the board of directors and authorised for issue on ...7 April 2021.....  
and are signed on its behalf by:



Martin Peck

Director

## ENTROPAY LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 December 2019

	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2018	3	11,752	6,167	17,922
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	2,209	2,209
Balance at 31 December 2018	3	11,752	8,376	20,131
Year ended 31 December 2019:				
Profit and total comprehensive income for the year	-	-	466	466
Balance at 31 December 2019	3	11,752	8,842	20,597

# ENTROPAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 December 2019

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#### 1 Accounting policies

##### Company information

EntroPay Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 2 Stephen Street, London, W1T 1AN.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

EntroPay Limited is a wholly owned subsidiary of Ixaris Group Holdings Limited, and the results of EntroPay Limited are included in the consolidated financial statements of Ixaris Group Holdings Limited which are available from Companies House, Crown Way, Cardiff CF14 3UZ.

##### Going concern

The directors have prepared and regularly consider trading and cash flow forecasts which includes travel industry estimates of passenger volumes. The main industry segment addressed by EntroPay on behalf of the Ixaris Group is the travel sector which has been impacted significantly after the end of the financial year by the global Covid-19 pandemic, and whilst revenues have been materially affected, EntroPay has material liquid funds available. On this basis the directors have a reasonable expectation that the company has adequate resources to continue to trade and meet its liabilities as they fall due for at least the next 12 months from the date of approval of these financial statements and thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

## ENTROPAY LIMITED

### Accounting policies (Continued)

In reaching this conclusion the directors have considered the material impacts on the business and material uncertainties that exist and are being managed:

- Payment volumes and revenues have fallen significantly from customers managed by Ixaris Solutions since the end of 2019. The operations and commercial team in Ixaris Technologies and Ixaris Systems (Malta) are focused on diversifying the customer base geographically (particularly into Asia) and into new travel segments (for example hotels and car rentals) to increase the addressable market and diversify revenues.
- The cost base of EntroPay is highly operationally geared and variable. In 2019 and into the first half of 2020 the business incurred set up costs under Brexit and self issuing membership but these have largely been covered within existing revenues and cash resources.
- The majority of overhead costs are under contract arrangements with the rest of the group which are essentially fixed in nature, there is therefore, limited scope to adapt them to revenue movements however they are at a very cost effective level and market competitive.
- Cash resources have been maximized by securing new operating trust models with the card scheme leading to the release of most of the collateral held by the schemes which was £3.9m as of 31 December 2019.
- Accordingly, through 2020 and into 2021 EntroPay was trading at or above break even on the materially reduced revenue levels and cash balances as of the 31 December 2020 were in excess of £1.2m.
- As can be seen in the disclosures of Entropay's parent entity, Ixaris Group Holdings Limited, there are support guarantees provided by Ixaris Group Holdings Limited to Entropay and as such the same material uncertainty exists in Entropay as exists in Ixaris Group Holdings Limited

#### Subsequent events

After the year end there were 2 major events that affected the business:

- From March 2020 the Covid pandemic whereby mitigating steps are explained above in the statement on Going Concern, and
- The implementation of Brexit and possible impact on EntroPay's UK based regulated activity. The Ixaris Group is at the final stages of securing regulation for the EU in Malta and EntroPay will continue as the payment agent to settle these transactions under self issuing.

In preparing the accounts no adjustments have been considered necessary arising from these events and the business has taken the necessary decisions to ensure financial resources have been used in a way to mitigate risks and the impacts on the financial statements of the Company.

# ENTROPAY LIMITED

## Accounting policies (Continued)

### Turnover

Turnover is recognised as the consideration received or receivable and mainly relates to dormancy and breakage fees charged to clients as well as fees charged to other group entities for Entropay's role as card program issuer for the group; it is recognised at the time the services are rendered and shown net of VAT.

### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses:

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office equipment	straight line over 3 to 4 years
------------------	---------------------------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

### Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

### Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash at bank and in hand.

# ENTROPAY LIMITED

## Accounting policies (Continued)

### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

# ENTROPAY LIMITED

## Accounting policies (Continued)

### ***Derecognition of financial liabilities***

Financial liabilities (or part of financial liabilities) are derecognised when they are extinguished – ie when the obligation specified in the contract is discharged, is cancelled or expires

### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

### **Foreign exchange**

The entity records foreign currency transactions, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

# ENTROPAY LIMITED

## 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

### *Carrying value of amounts owed by group undertakings*

The directors have reviewed the carrying value of the company's initial investment in its subsidiary undertakings including subsequent funding towards development costs and working capital. Based on forecasted trading results and cash flow projections, they are satisfied that the carrying value of loans made to these subsidiary undertakings will be recoverable in the foreseeable future.

Based on the above the directors concluded that no material provision for impairment is required at the balance sheet date.

## 3 Turnover and other revenue

The company's turnover and profit/(loss) on ordinary activities before taxation were all derived from its principal activity. All turnover originates from the UK.

	2019 £'000	2018 £'000
<b>Other revenue</b>		
Interest income	10	10
	<u>          </u>	<u>          </u>

## 4 Employees

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

	2019	2018
Sales and Marketing	-	4
Administration and support	-	2
	<u>          </u>	<u>          </u>
	-	6

## ENTROPAY LIMITED

At the end of 2018, all employees that were on the payroll of the Company were transferred to the payroll of another entity within the Ixaris Group. Because some of these employees still provide services to EntroPay, the corresponding costs of GBP 368k are charged on to EntroPay and included in other administrative expenses.

### 4 Employees (Continued)

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	-	784
Social security costs	-	123
Pension costs	-	40
	-	947

### 5 Directors' remuneration

	2019 £'000	2018 £'000
Remuneration for qualifying services	-	78

### 6 Operating profit

	2019 £'000	2018 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	77	(46)
Fees payable to the company's auditor for the audit of the company's financial statements	10	11
Depreciation of owned tangible fixed assets	7	6
Operating lease charges	102	59

## ENTROPAY LIMITED

### 7 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest income		
Interest on bank deposits	10	10

### 8 Interest payable and similar expenses

	2019 £'000	2018 £'000
Other interest on financial liabilities	-	-
Other interest	4	2
	4	2

## ENTROPAY LIMITED

### 9 Taxation

	2019 £'000	2018 £'000
<b>Current tax</b>		
Adjustments in respect of prior periods	-	(112)
	<u>          </u>	<u>          </u>

The total tax (credit)/charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £'000	2018 £'000
Profit before taxation	466	2,097
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	89	398
Tax effect of expenses that are not deductible in determining taxable profit	44	36
Change in unrecognised deferred tax assets	1	(8)
Adjustments in respect of prior years	-	(112)
Group relief	(89)	(352)
Research and development tax credit	(45)	(74)
Tax relief on share options	-	-
Taxation (credit)/charge for the year	-	(112)

### 10 Tangible fixed assets

	Office equipment £'000
<b>Cost</b>	
At 1 January 2019	51
Additions	-
At 31 December 2019	<u>51</u>
<b>Depreciation and impairment</b>	
At 1 January 2019	40
Depreciation charged in the year	7
At 31 December 2019	<u>47</u>
<b>Carrying amount</b>	
At 31 December 2018	11
At 31 December 2019	<u>4</u>

# ENTROPAY LIMITED

## 11 Fixed asset investments

	Notes	2019 £'000	2018 £'000
Investments in subsidiaries	12	-	-

### Movements in fixed asset investments

		Shares in group undertakings £'000
Cost or valuation		
<u>At</u> 1 January 2019		-
Disposals		-
<u>At</u> 31 December 2019		-
Carrying amount		
At 31 December 2019		-
<u>At</u> 31 December 2018		-

## 12 Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade debtors	1,689	9
Amounts owed by group undertakings	20,376	20,489
Other debtors	20	35
Prepayments and accrued income	1	22
	<u>22,086</u>	<u>20,555</u>

Trade debtors of £1,689,000 relates to the invoice that the Company issued to one of its partners in accordance with the underlying agreement but that was not received as per year end. The same amount recognised in accruals & deferred income (see note 13), because it is linked to future performance and volumes of the Company.

Amounts owed by group undertakings are interest free. They have no fixed payment dates but have the ability to be settled within one year.

## ENTROPAY LIMITED

### 13 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	64	116
Amounts owed to group undertakings	2,921	2,321
Other creditors	3,594	7,784
Accruals and deferred income	1,733	206
	<u>8,312</u>	<u>10,427</u>

Other creditors materially consist of the amounts owed to cardholders totaling £2,904,000 (2018: £7,702,000). In addition to this, it includes £184,000 liability for transaction losses and £504,000 fees due to card scheme program partners.

Accruals and deferred income materially consists of the invoice issued to one of Entropay's partners amounting £1,712,000.

### 14 Retirement benefit schemes

	2019 £'000	2018 £'000
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	-	40

In 2018, the company operated a defined contribution pension scheme for all qualifying employees. The assets of the scheme were held separately from those of the company in an independently administered fund.

## ENTROPAY LIMITED

### 15 Share capital

#### Ordinary share capital Issued and fully paid

	2019 £'000	2018 £'000
1,950,630 Ordinary shares of 0.1p each	2	2
704,849 A Ordinary shares of 0.1p each	1	1
	<u>3</u>	<u>3</u>

The Ordinary and Ordinary A shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Ordinary B shares rank in all aspects as equal to the Ordinary shares, with the exception that on a show of hands every holder of B Ordinary shares who (being an individual) is present in person or (being a corporation) is present by a representative shall have 0.999 votes.

## ENTROPAY LIMITED

### 16 Reserves

#### Share premium

The share premium represents the amount received on the issue of shares in excess of their par value.

#### Profit and loss reserves

The profit and loss reserves represent the cumulative profit and loss net of distributions to owners.

### 17 Related party disclosures

The company has taken advantage of the exemption under FRS102 Section 33 'Related Party Transactions' from disclosing transactions with its parent and fellow group companies.

### 18 Ultimate controlling party

The immediate and ultimate parent undertaking is Ixaris Group Holdings Limited, a company incorporated in the UK. The consolidated financial statements for Ixaris Group Holdings Limited are available from its registered office, 2 Stephen Street, Fitzrovia, London W1T 1AN.

The ultimate controlling party is R Koch by virtue of holding the majority of voting rights in the ultimate parent company.

### 19 Events after the year end

Material events after the year end are noted as follows:

#### Covid 19

The Covid 19 global pandemic was declared a global pandemic by the World Health Organisation in March 2020 and has led to a severe curtailment of regional and international travel activity, which is the principal focus of the Company and the Ixaris Group (which provides operational, development and safeguarding services). At the date of the adoption of the accounts the pandemic continues to restrict international travel activity and has had a material effect on Company revenues in 2020 and into 2021. The Directors continue to monitor the impact of the pandemic closely but as of the date of the adoption of the accounts and believe the effects appear to be waning with the roll out of vaccines globally and the in the Far East (which is served by a number of Entropay's end customers) where travel activity has been significantly less impacted. Accordingly the Directors do not believe these events have led to an impairment of the balance sheet and that liquid resources available are sufficient assurance the entity remains a going concern.

#### Brexit

Following the UK's leaving the EU, Ixaris is in the final stages of securing a license in Malta and customer contractual separation to enable Entropay's self issuing activities to be regulated for EU customer activity in the event that the EU and UK government do not agree mutual passporting arrangements in 2021. Accordingly as the Directors believe its plans are sufficiently advanced and the risks of a non-passporting regime being extended or made permanent are receding