

Registered number: 04831976

MONITISE EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018

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MONITISE EUROPE LIMITED

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MONITISE EUROPE LIMITED

COMPANY INFORMATION

Directors	Tom Hunter William Jones Richard Waller
Registered number	04831976
Registered office	Eversheds House 70 Great Bridgewater Street Manchester M1 5ES
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Harefield Rd Uxbridge UB8 1EX

MONITISE EUROPE LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018

The directors present their Strategic Report of Monitise Europe Limited (the "Company") for the 18 months period ended 31 December 2018.

Review of the business

The Company's results are set out in the Statement of Comprehensive Income on page 9.

Turnover for the period ended 31 December 2018 decreased by 10% to £12,492,000 (2017: £13,866,000). This was due to a managed reduction in development and integration revenue as legacy contracts ended, caused by Monitise Group's move away from its legacy development model and towards its new cloud based digital banking platform, FINKit®.

Operating profit before exceptional items was £7,210,000 (2017: £5,466,000). The loss before taxation for the financial period was £206,000 (2017: loss £10,297,000), after additional exceptional provisions against amounts due from group undertakings of £7,418,000 (2017: £15,739,000).

The Statement of Financial Position of the Company at 31 December 2018 is set out on page 10.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Monitise Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Monitise Group, which include those of the Company, are discussed in Risk Management in the Monitise Limited 2018 Annual Report.

Impact of COVID-19

In the near term, COVID-19 is creating considerable uncertainty for economies and markets. We believe that our business resilience is sufficient to deal with this, but the impact on economies and markets will be highly correlated with how effective containment measures are.

Strategy and future developments

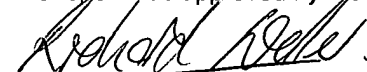
On 1 September 2017 the parent company Monitise Limited was acquired by Fiserv UK Limited, an indirect and wholly owned subsidiary of Fiserv Inc.

During the reporting period the Company continued to service existing contracts through its original Enterprise Platform ("MEP"). Subsequent to the year end, all live services on the MEP platform were terminated and from December 2019 the entity will be non-trading.

Key performance indicators


The directors of Monitise Limited manage the Monitise Group's operations on an integrated basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary for an understanding of the development, performance or position of the business of the Company. The key performance indicators for the Monitise Group, which includes the Company, are discussed in the directors' Report of the Monitise Limited 2018 Annual Report.

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



Richard Waller
Director

Date:



MONITISE EUROPE LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018

The directors present their annual report and the audited financial statements of Monitise Europe Limited (the "Company") for the 18 months period ended 31 December 2018.

Change of accounting reference date

During the period, the Company changed its accounting reference date from 30 June to 31 December. The change was made to align the year end of Monitise Europe Limited with the year end of Fiserv Inc. which is 31 December. As a result, the financial statements of the Company are prepared for a 18 month period ended 31 December 2018. The comparatives are for the year ended 30 June 2017.

Principal activity

The principal activity of the Company is the provision of mobile phone initiated banking and payment services.

Results and dividends

Details of the results are set out in the Statement of Comprehensive Income on page 9 and in the Strategic report on page 2.

The loss for the financial period is £206,000 (2017: £10,297,000).

The directors do not recommend the payment of a dividend (2017: £Nil).

Details of the future developments of the Company are included in the Strategic Report on page 2.

Directors

The directors who served during the period and up to date of signing the financial statement, unless otherwise stated, were:

Tom Hunter (appointed 11 July 2018)
William Jones
Richard Waller
Tom Spurgeon (resigned 31 July 2018)

Directors' Indemnities

During the period and at the date of approval of these financial statements, the Company has maintained liability insurance in respect of its directors and Officers. Further, subject to the provisions of the Companies Act 2006, the Company's Articles of Association provide that the directors are entitled to be indemnified against certain liabilities incurred in the execution or discharge of his or her duties.

Going concern

The ability of the Company to continue as a going concern is dependent upon the continuing financial support of its parent company, Fiserv, Inc.. Fiserv, Inc. have confirmed its financial support to the Company to enable it to continue trading and to meet its day to day commitments for at least twelve months from the date of signing the financial statements.

The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern on the basis that the Company's parent has indicated that it will continue to provide this support for the foreseeable future. In the opinion of the directors, the going concern basis is appropriate for the preparation of these financial statements.

MONITISE EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2018

Financial risk management

The Company's activities expose it to financial risks arising from its use of financial instruments.

(a) Credit risk

Credit risk arises principally from the Company's trade receivables and cash and cash equivalents. It is the risk that the counterparty fails to discharge its obligation in respect of the instruments.

Trade receivables

The nature of the Company's operations means that all of its current key customers form part of established businesses in the banking and payments sector and therefore the credit risks are minimised due to the nature of these customers. The Monitise Group continually reviews its credit risk policy, taking particular account of future exposure to developing markets and associated changes in customers' credit risk profiles.

The carrying amount in the Balance Sheet, net of any applicable provisions for loss, represents the amount exposed to credit risk and hence there is no difference between the carrying amount and the maximum credit risk exposure.

Cash and cash equivalents and short-term investments

The Fiserv Group Board formulates the Group's treasury policy and its objectives which are designed to manage the Monitise Group's risk and secure cost-effective funding for the Monitise Group's operations, including the Company. These objectives include the requirement to minimise risk on investment funds but maintain flexibility.

(b) Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company ensures enough funding is available from other Fiserv Group companies to meet its financial obligations as they fall due.

(c) Interest rate risk

Where applicable, the Company invests its surplus cash in a spread of fixed rate term bank deposits to minimise risk and maximise flexibility. In doing so, it limits its exposure to fluctuations in interest rates that are inherent in such a market. Overall risk is not regarded as significant. Amounts owed to group undertakings are non-interest bearing loans and are repayable on demand.

Post balance sheet events

All live services on the MEP platform were terminated and from December 2019 the entity will be non-trading.

The impact of the COVID-19 outbreak globally post year end has required many of our employees to work remotely from home. We consider this event as a non-adjusting post balance sheet event. For ongoing customers, this does not significantly impact our ability to deliver our software service to them. For customers requiring professional services support, we provide this remotely where possible to do so. We are not reliant on any critical suppliers that cannot operate as a result of COVID-19. At this stage it is not possible to estimate the full impact that COVID-19 will have on the company as a result of the impact on the macroeconomic environment.

MONITISE EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2018

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

The directors 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.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers 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 financial with the registrar, whichever is earlier.

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



Richard Waller
Director

Date:



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONITISE EUROPE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Monitise Europe Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the 18 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2018; the Statement of Comprehensive Income and the Statement of Changes in Equity for the 18 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

MONITISE EUROPE LIMITED

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONITISE EUROPE LIMITED
(CONTINUED)**

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Hannes Verwey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
Date: 21/04/2020

MONITISE EUROPE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2018**

		18 months period ended 31 December 2018 £000	Year ended 30 June 2017 £000
	Note		
Turnover	4	12,492	13,866
Cost of sales		(4,264)	(5,026)
Gross profit		8,228	8,840
Administrative expenses		(1,018)	(3,374)
Exceptional Items	12	(7,418)	(15,739)
Operating loss	5	(208)	(10,273)
Interest receivable and similar income	9	2	-
Interest payable and similar expenses	10	-	(24)
Loss before taxation		(206)	(10,297)
Tax on loss	11	-	-
Loss for the financial period/year		(206)	(10,297)
Total comprehensive expense for the financial period/year		(206)	(10,297)


The notes on pages 12 to 28 form part of these financial statements.

MONITISE EUROPE LIMITED
REGISTERED NUMBER: 04831976

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31 December 2018 £000	30 June 2017 £000
Fixed assets			
Intangible assets	13	-	305
Tangible assets	14	-	462
		<u>-</u>	<u>767</u>
Current assets			
Debtors: amounts falling due within one year	15	2,996	4,947
Cash at bank and in hand	16	2,662	999
		<u>5,658</u>	<u>5,946</u>
Creditors: amounts falling due within one year	17	(1,347)	(2,012)
Net current assets		<u>4,311</u>	<u>3,934</u>
Total assets less current liabilities		<u>4,311</u>	<u>4,701</u>
Creditors: amounts falling due after more than one year	18	-	(184)
Net assets		<u><u>4,311</u></u>	<u><u>4,517</u></u>
Capital and reserves			
Called up share capital	20	16,314	16,314
Profit and loss account	21	(12,003)	(11,797)
Total shareholders' funds		<u><u>4,311</u></u>	<u><u>4,517</u></u>

The financial statements on pages 9 to 28 were approved and authorised for issue by the board and were signed on its behalf by:



Richard Waller
Director

Date: *27th April 2019*

The notes on pages 12 to 28 form part of these financial statements.

MONITISE EUROPE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	Called up share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 1 July 2016	16,314	(1,500)	14,814
Comprehensive expense for the financial year			
Loss for the financial year	-	(10,297)	(10,297)
Total comprehensive expense for the financial year	-	(10,297)	(10,297)
At 30 June 2017 and 1 July 2017	16,314	(11,797)	4,517
Comprehensive expense for the financial period			
Loss for the financial period	-	(206)	(206)
Total comprehensive expense for the financial period	-	(206)	(206)
At 31 December 2018	16,314	(12,003)	4,311

The notes on pages 12 to 28 form part of these financial statements.

MONITISE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

1. General information

Monitise Europe Limited (the "Company") is a private limited company and is incorporated and domiciled in the United Kingdom. The address of its registered office is Eversheds House, 70 Great Bridgewater Street, Manchester, M1 5ES.

The principal activity of the Company is the provision of mobile phone initiated banking and payment services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention 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 judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the period:

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 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;
- 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.3 Going concern

The ability of the Company to continue as a going concern is dependent upon the continuing financial support of its ultimate parent company, Fiserv, Inc.. Fiserv, Inc. have confirmed its financial support to the Company to enable it to continue trading and to meet its day to day commitments for at least twelve months from the date of signing the financial statements.

The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern on the basis that the Company's parent has indicated that it will continue to provide this support for the foreseeable future. In the opinion of the directors, the going concern basis is appropriate for the preparation of these financial statements.

2.4 Changes in accounting policy and disclosures

There are no changes in the accounting policies during the year.

New IFRS accounting standards and interpretations not yet effective:

Non applicability of IFRS 9 and IFRS 15

Impact of the adoption of IFRS 9 Financial instruments (effective for periods beginning on or after 1 January 2018)

The main impact that IFRS 9 'Financial Instruments' will have on the Company is the introduction of the expected credit loss model. The directors have assessed that this impact will not be material to the financial statements of the Company.

Impact of the adoption of IFRS 15 Revenue from contracts with customers effective for periods beginning on or after 1 January 2018)

Under IAS 18, revenue is recognised on the sale of software license over the period of the license. The treatment is different under IFRS 15 as software licences are commonly sold in a bundle that includes updates, also known as post-contract customer support ('PCS'). It is common that the software is a distinct 'right to use' licence, with revenue recognised at the point in time when it is transferred, while the PCS is delivered over time. However, there might be limited circumstances where the licence and updates are combined into a single performance obligation. The determination of whether licence and updates are separate performance obligations requires judgement. If a licence and updates are combined, the outcome is generally a performance obligation that is delivered over time.

The expected impact of the new standard on the financial statements are considered to be immaterial.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

IFRS 16, Leases (effective for periods beginning on or after 1 January 2019)

The new lease standard addresses the definition of a lease, recognition and measurement of leases, and it establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A key change arising from IFRS 16 is that most operating leases will be accounted for on the Balance Sheet for lessees. IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Under IAS 17, lessees were required to make a distinction between a finance lease (on Balance Sheet) and an operating lease (off Balance Sheet). The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

The Company will apply IFRS 16 from its mandatory adoption date of 1 January 2019. The Company intends to apply the modified retrospective approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption, adjusted for any prepaid or accrued lease expenses and onerous contracts. In addition, the Company will elect the following main practical expedients and will apply these consistently to all of our leases:

- To exempt short-term leases and low value items; and
- To not separate lease and non-lease components.

The most significant changes are the recognition of right-of-use assets and lease liabilities for operating leases. The adoption of IFRS 16 is currently under consideration and not expected to have a material impact on the financial statements.

2.5 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency. Items within the financial statements are rounded to the nearest thousand pound.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.6 Turnover

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and services provided within the Company's ordinary activities, net of discounts and sales taxes.

Turnover comprises subscription and transaction revenue, product licences and development and integration services.

Subscription and transaction revenue relates to revenue generated from all types of end-user activity and may take various forms including per user fees, click fees, commissions and revenue share, and includes associated managed services. This revenue is recognised as the services are performed.

Product licences are sales where the customer has the ability to exploit the licensed functionality upon delivery and include both certain term-based and perpetual licences. This licence revenue is recognised as a sale of a good once all of the recognition criteria have been met.

Turnover relating to development and integration services contracted on a time and materials basis is recognised as the services are performed. Revenue relating to development and integration services identified as a service contract is recognised on a straight line basis. Development and integration service revenue delivered under a fixed price contract is recognised on a percentage-of-completion basis, based on the extent of work completed as a percentage of overall estimated project cost, when the outcome of a contract can be estimated reliably.

Typically, a number of the above elements may be sold together as a bundled contract. Turnover is recognised separately for each component if it is considered to represent a separable good or service and a fair value can be reliably established. The Group may derive fair value for its services based on a reliable cost estimate plus an appropriate market-based margin. Where a product licence is included within a bundled arrangement, the residual value of the contract is ascribed to the product licence after a fair value has been allocated to all other components.

Amounts which meet the Company's revenue recognition policy which have not yet been invoiced are accounted for as accrued income whereas amounts invoiced which have not met the Company's turnover recognition criteria are deferred and are accounted for as deferred income until such time as the revenue can be recognised. Management makes an assessment of the certainty of any accrued revenue amounts in determining how much revenue to recognise.

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.8 Finance costs

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.9 Current and deferred taxation

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted at the Statement of Financial Position date.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not provided on the initial recognition of an asset or liability in a transaction, other than a business combination, if at the time of the transaction there is no effect on either accounting or taxable profit or loss.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset or liability is released or settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Company intends to settle current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the profit and loss except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.10 Exceptional items

Exceptional items are items which, in management's judgement, need to be disclosed by virtue of their size or nature in order for the user to obtain a proper understanding of the financial information.

2.11 Intangible assets

Software licences are stated at its purchase costs.

Amortisation on the assets is calculated using the straight-line method over their estimated useful lives as follows:

Software licenses	-	3-4 years
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2.12 Tangible assets

Tangible assets are stated at their purchase cost, together with any incidental costs of acquisition less accumulated depreciation and, where appropriate, provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Incidental costs of acquisition include expenditure directly attributable to the acquisition of the items.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.12 Tangible assets (continued)

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned.

The principal annual rates used for this purpose are:

Short-term leasehold property	-	56 months
Computer equipment	-	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses or other operating income, in the Statement of Comprehensive Income.

2.13 Debtors

Debtors are initially recognised at fair value and subsequently held at amortised cost using the effective interest rate method. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full, the amount of the provision being the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Balances are written off when the probability of recovery is assessed as being remote.

2.14 Cash and cash equivalents

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

2.15 Creditors

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Share capital

Ordinary shares are classified as equity at nominal value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.17 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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

The preparation of the financial statements requires the Company to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

In the process of applying the Company's accounting policies, management has made a number of judgements and estimations, of which the following are deemed to have the most significant effect on amounts recognised in the financial statements:

3.1 Revenue recognition

Revenue for development and integration services is recognised when the right to consideration is earned as each project progresses. Provisions against accrued income are made as and when management becomes aware of objective evidence that the amount of time worked will not be recoverable in full. The Company sometimes enters into agreements with customers where a product licence is bundled with services. Revenue is recognised separately for each component if it is considered to represent a separable good or service and a fair value can be reliably established. This consideration requires an element of judgement.

4. Turnover

All turnover was generated from the Company's principal activity of mobile phone initiated banking and payment services. All turnover was generated in the UK.

5. Operating loss

The operating loss is stated after charging:

	18 months period ended 31 December	Year ended 30 June
	2018	2017
	£000	£000
Depreciation of tangible fixed assets - owned	492	283
Depreciation of tangible fixed assets held under finance lease	-	92
Amortisation of intangible assets	305	276
Exchange differences	3	-
Exceptional items (note 12)	7,418	15,739

MONITISE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

6. Auditors' remuneration

	18 months period ended 31 December 2018 £000	Year ended 30 June 2017 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	28	28

Non-audit fees payable to the Company's auditors were £2,000 (2017: £Nil).

7. Employees

The Company does not have any legal employees and benefits from the services of employees legally employed by Monitise International Limited, a sister company. The average number of these employees is disclosed in Monitise International Limited's financial statements. During the year, the Company was recharged £1,870,000 (2017: £535,000) in respect of these services.

Staff costs, including directors' remuneration, were as follows:

	18 months period ended 31 December 2018 £000	Year ended 30 June 2017 £000
Wages and salaries	1,722	520
Social security costs	94	-
Other pension costs	54	15
	1,870	535

8. Directors' remuneration

During the current period the directors were remunerated through other group companies. The directors' services to the Company did not occupy a significant amount of their time. As such, the directors do not consider that they received any remuneration for their incidental services to the Company for the year.

MONITISE EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

9. Interest receivable and similar income

	18 months period ended 31 December 2018 £000	Year ended 30 June 2017 £000
Other interest receivable	<u>2</u>	<u>-</u>

10. Interest payable and similar expenses

	18 months period ended 31 December 2018 £000	Year ended 30 June 2017 £000
Interest payable on finance leases	<u>-</u>	<u>24</u>

11. Tax on loss

	18 months period ended 31 December 2018 £000	Year ended 30 June 2017 £000
Corporation tax		
Current tax on loss for the financial period/year	-	-
Total tax	<u>-</u>	<u>-</u>

MONITISE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

11. Tax on loss (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%). The differences are explained below:

	18 months period ended 31 December 2018 £000	Year ended 30 June 2017 £000
Loss before taxation	(206)	(10,297)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.75%)	(39)	(2,034)
Effects of:		
Expenses not deductible for tax purposes	1,414	3,109
Tax losses for which a deferred tax asset has not been recognised	(71)	74
Tax effect of group relief	(1,304)	(1,149)
Total tax charge for the financial period/year	-	-

At 31 December 2018, the Company had £194,132 of unrecognised deferred tax assets (2017: £257,715).

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the Balance Sheet date have been measured using this enacted tax rate and reflected in these financial statements.

MONITISE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

12. Exceptional items

	18 months period ended 31 December 2018 £000	Year ended 30 June 2017 £000
Exceptional provision against amounts due from group undertakings	7,418	15,739

The exceptional charge relates to an increase in the net provision for amounts due from group undertakings, which reflects the restructuring of the Group in the current and comparative financial period and the reduced trading in certain group companies.

13. Intangible assets

	Software licences £000
Cost	
At 1 July 2017	895
Disposals	(895)
At 31 December 2018	-
Accumulated amortisation and impairment	
At 1 July 2017	590
Charge for the period	305
On disposals	(895)
At 31 December 2018	-
Net book value	
At 31 December 2018	-
At 30 June 2017	305

Intangible assets amortisation is recorded in administrative expenses in the Statement of Comprehensive Income.

Intangible assets includes the following amounts where the Company is a lease under finance lease:

MONITISE EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

13. Intangible assets (continued)

	31 December 2018 £000	30 June 2017 £000
Software licences	-	333

14. Tangible assets

	Short-term leasehold property £000	Computer equipment £000	Total £000
Cost			
At 1 July 2017	-	1,303	1,303
Additions	177	-	177
Disposals	(177)	(1,303)	(1,480)
At 31 December 2018	-	-	-
Accumulated depreciation			
At 1 July 2017	-	841	841
Charge for the period	30	462	492
Disposals	(30)	(1,303)	(1,333)
At 31 December 2018	-	-	-
Net book value			
At 31 December 2018	-	-	-
At 30 June 2017	-	462	462

MONITISE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

14. Tangible assets (continued)

Fully depreciated assets have been disposed off as they are no longer in use.

Intangible and tangible assets includes the following amounts where the Company is a lease under finance lease:

	31 December 2018 £000	30 June 2017 £000
Computer equipment	-	429

15. Debtors: amounts falling due within one year

	31 December 2018 £000	30 June 2017 £000
Trade debtors	2,798	1,089
Amounts owed by group undertakings	10	3,257
Other debtors	-	1
Prepayments and accrued income	188	600
	2,996	4,947

Amounts owed by group undertakings are non-interest bearing loans and are repayable on demand.

16. Cash at bank and in hand

	31 December 2018 £000	30 June 2017 £000
Cash at bank and in hand	2,662	999

MONITISE EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

17. Creditors: amounts falling due within one year

	31 December 2018 £000	30 June 2017 £000
Trade creditors	3	510
Amounts owed to group undertakings	757	712
Taxation and social security	405	1
Finance leases (note 19)	-	545
Accruals and deferred income	182	244
	<u>1,347</u>	<u>2,012</u>

Amounts owed to group undertakings are non-interest bearing loans and are repayable on demand.

18. Creditors: amounts falling due after more than one year

	31 December 2018 £000	30 June 2017 £000
Finance leases (note 19)	-	184
	<u>-</u>	<u>184</u>

19. Finance leases

Future minimum lease payments for:

	31 December 2018 £000	30 June 2017 £000
Net amount within one year	-	545
Net amount between one and five years	-	184
More than five years	-	-
	<u>-</u>	<u>729</u>

The Company had leased certain of its equipment and software under finance lease. The average lease term was between one to five years. The Company had an option to purchase the equipment for a nominal amount at the end of the lease term. The Company's obligations under finance leases were secured by the lessors' title to the leased assets. Interest rates underlying obligations under finance leases were fixed at respective contract dates at 13-15% per annum. No finance leases are held by the Company at the Balance Sheet date as all outstanding amounts were settled during the period.

MONITISE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

20. Called up share capital

	31 December 2018 £000	30 June 2017 £000
Allotted, called up and fully paid		
16,314,228 (2017: 16,314,228) Ordinary shares of £1.00 each	16,314	16,314

21. Reserves

Profit and loss account

Cumulative profits and losses net of distributions to owners.

22. Commitments and contingencies

Legal contingencies

On 19 January 2007, Mobile VPT Limited raised a claim against business partners Monitise Europe Limited, LINK Interchange Network Limited, Monitise International Limited and Morse Plc (the business partners). Following advice from leading counsel, the directors believe that the Company's UK business activities in the UK do not infringe any valid claim of Mobile VPT's Patent and that the Mobile VPT Patent may be invalid. As a result, and in line with the fact that there has been no adverse movement since the proceedings in this case were stayed in October 2007, no provision has been reflected in the financial statements.

23. Related party transactions

The Company is a wholly owned subsidiary of Fiserv Inc. and has taken advantage of the exemption contained in IAS 24 'Related-party disclosures'. It has therefore not disclosed transactions or balances with other entities within the Fiserv Group which are also wholly owned.

24. Post balance sheet events

All live services on the MEP platform were terminated and from December 2019 the entity will be non-trading.

The impact of the COVID-19 outbreak globally post year end has required many of our employees to work remotely from home. We consider this event as a non-adjusting post balance sheet event. For ongoing customers, this does not significantly impact our ability to deliver our software service to them. For customers requiring professional services support, we provide this remotely where possible to do so. We are not reliant on any critical suppliers that cannot operate as a result of COVID-19. At this stage it is not possible to estimate the full impact that COVID-19 will have on the company as a result of the impact on the macroeconomic environment.

MONITISE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

25. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Monitise Group Limited, a company incorporated in England and Wales (registered office: Eversheds House, 70 Great Bridgewater Street, Manchester, M1 5ES).

The ultimate parent company is Fiserv Inc. a company incorporated in the United States of America (registered office: 255 Fiserv Drive, Brookfield, WI 53008-0979, United States of America). Fiserv Inc. heads both the smallest and largest group of undertakings for which group accounts including Monitise Europe Limited are prepared. Copies of the financial statements of Fiserv Inc. are available from its registered office.

The directors do not consider there to be one ultimate controlling party.