Financial Statements
eMerchantPay Limited

For the year ended 31 August 2015

Registered number: 05153270

Company Information

Directors	S R Dickson A R Goslar J Reynisson A V Hrolfsson
Company secretary	A Robinson
Registered number	05153270
Registered office	29 Howard Street North Shields Tyne & Wear NE30 1AR
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS

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For the year ended 31 August 2015

Principal Activity

The principal activity of the Group is the provision of payment services to merchants including the provision of payment gateways and approval technology enabling merchants to accept payments by debit and credit cards and a large variety of other payment methods. The Directors do not envisage any material change in the nature of the activities of the Group in the ensuing year.

The Group was formed in 2004 and continues to grow its product offering and expand its geographic coverage. The Company leverages services and products provided by other companies within the Group, this includes operational support from the Group's operations company, eMerchantPay OOD in Bulgaria.

Market focus

As noted last year eMerchantPay has significant expertise and is active in the processing of transactions for industries and merchants where significant knowledge and expertise in payments plus the management of risk and fraud is essential. The extent of the coverage was actually curtailed as the Group did not actively pursue the Travel sector during the year on realising that some product development was required. For e-commerce sectors targeted the focus remain that of providing a one stop shop product solution on a global basis. The sectors that are the current focus of this sector-based strategy are:

- Gaming
- Skill games (subscription, play to win, virtual worlds, fantasy sports).
- Casual games (micro transactions)
- Forex and binary options
- Adult
- Food supplements
- Other high risk; music download, discount club membership, currency exchange, electronics, financial repair, prepaid phone cards, merchants selling wine, ticket brokering and insurance

As noted above the Group stepped back from the Travel sector in 2014/2015 on identifying that it did not have a sufficiently comprehensive suite of products to be successful in that sector. During the year this suite has been the focus of development and the Board anticipate re-entering this market in early 2016. In addition the Group has been developing a number of other strategies to sit in parallel with the existing business. The first is developing product to be attractive to small general retail merchants. This will be rolled out in early 2016 from the Sales office in Amsterdam. Alongside this the Group has been working with a number of business associates to develop a card present capability. This will be launched in Q4 2015, initially in Poland and then rolled out into other geographies.

Business activities and performance indicators

The business is currently structured around two profit centres being:

Europe PSP (Payment Services Provider) – providing a large number of international payment solutions to European merchants through contracting with a number of card acquiring banks and international alternative payment solutions. The Europe PSP profit centre is operated under the brand name eMerchantPay.

Europe Acquirer – the provision of card acquiring services in Europe provided to European PSPs, including the eMerchantPay PSP. Services in the year have been focussed on e-commerce merchant, internet payments, but in 2015 there will be the roll out of a card present solution offering POS and mPOS options. This profit centre is operated under the brand name e-Comprocessing.

Strategic report

For the year ended 31 August 2015

During 2014/2015 there has been a noticeable tightening of margins in the card processing industry, particularly in the gaming and Forex sectors. These are both sectors we are building a significant presence in and remain core to our development. Strategies are being implemented to protect our margins and overall profitability through increasing penetration and therefore volumes and the continued promotion of alternative payment solution.
Processing volumes continue to be the key metric by which the Group's performance is monitored, followed by margin. These two drive the resourcing requirements and therefore the expense base and the ultimate profitability of the Group. The Board are pleased to note that the volumes processed have increased as follows:

PSP activity	2014	$662.5m	2015	$785.5m	increase of 18.5%
Acquiring activity	2014	$17.7m	2015	$261.8m	increase of 1379.1%

In all respects the Board are pleased with the growth in the year and particularly the growth of the Europe Acquiring business. It is fully expected that strong growth across all sectors will continue throughout 2015/2016 and the strategies developed over the last few years are delivered.

Business review

The Directors are pleased with the Group's performance in the financial year and of its strength moving into the current year. While ultimate profitability may not be as strong as was intended the results reflect the squeeze in margins, and the growth of the lower margin acquiring business. Volumes have remained strong and costs have been under control. The strength of the Group continues to develop. The in-house sales team are now showing progress, regularly exceeding target and are seeing an increased acknowledgement of eMerchantPay as a quality brand in the payments industry. The success that has been seen in the year means that we shall be adding to the sales team throughout the end of 2015 and throughout 2016 as we seek to grow the business.

The Group continues to add new card acquiring partners to its worldwide portfolio and to expand upon the range of cards and alternative payment solutions it offers to its merchants. Specific product capabilities have been developed to support particular industry vertical including the travel and general retail sectors mentioned earlier.

The Directors and Senior Management Team are committed to the ongoing delivery of additional product and solution capabilities and have re-arranged certain responsibilities to put appropriate focus and expertise to specific activities. The results of this are starting to appear.

Review of Trading Results

The Group's performance in the year to 31 August 2015 was strong. Processing volumes increased by 54% from $680.2 million in 2014 to $1,047.3 million in the current year. Gross Profit increased by 37% in absolute terms but dropped as a percentage of turnover from 79% to 76%. This is a reflection of strong volume growth offset by tighter margins that need to be offered to attract the primary merchants in the targeted verticals while EBITDA has similarly increased by 25% from $4.0 million to $5.1 million.

The Group's cash and bank balances are $6.5 million (2014 $6.4 million) and total equity is now $15.2 million (2014 $11.3 million).

Even with margin compression the Directors are expecting the overall profitability of the Group to continue to increase as the current business lines continue to grow and new lines come on stream.

Strategic report
For the year ended 31 August 2015

Across the wider eMerchantPay Group Limited group of companies there is operated a complex transfer pricing policy which ensures that the cost of internal services and products are charged to the relevant business unit and that therefore the Group Accounts in this report fairly reflect the Group's activities.

Position of the Group at Year End
As noted above the Group has continued to perform strongly. The Directors recognise the need for ongoing business development plans and feel that within the existing plans there is substantial potential for further growth over the next years. The Europe PSP business will continue to grow as the internal Sales team grows and continues to build on its success by delivering an ever increasing number of merchants. This will be further benefited by the continued roll out of new alternative payment solutions. Asia continues to be attractive to the Group and it is expected to represent significant group opportunities as the Group rolls out in various geographies.

The Europe Acquiring business has grown strongly over the current year and it is envisaged that this will continue. As with all small acquirers the risks of fraud rations and chargebacks will continue to be closely managed to ensure a well balanced portfolio. The strategy will continue to be to source business from PSP's and ISO's. The eMerchantPay Europe PSP will be one such but eMerchantPay will continue to work with and seek additional banks across the globe. This mitigates risk for the Group and indeed its merchants, while building capacity allowing the business to grow.

The Directors recognise that the success of the Group is dependent upon continued growth opportunities and they will work along with the Senior Management to ensure the Group continually evolves.

Principal Risks and Uncertainties
The Directors believe that the diversification through growing in the USA and Asia will protect the Group from any impacts that may affect the current European business.

Technology Risk
Technology is critical to ensuring the delivery of a market-leading product and service to the Group's merchants. The "payment gateway" is the front end technology that clients experience. The Group has since 2002 worked with a third party gateway provider to develop and run a high quality gateway. The eMerchantPay Group is the principal user of this gateway and its development has been focussed upon supporting eMerchantPay's requirements. The PSP merchants and their processing sit on this platform and its ongoing development is key to the Group's success.
In addition to this the Group has developed its own payment gateway which is being used in two instances. It is the front-end for the acquiring business connecting a number of ISO's and PSP's to the processor and there is a separate PSP instance of the gateway as well.

By integrating the gateways the Group is able to more rapidly add additional APM's so increasing the product offering.

There are a number of core risks that could affect the Group's key technology, namely:

Data Security Risk

The safe transmission and storage of personal and transactional information is key to the success of the business. The Group therefore ensures that all appropriate technology is certified as Payment Card Industry Data Security Standard (PCI DSS) Level 1 and that technology that does not need to be certified as such but which is customer facing is maintained and operated in a PCI DSS Level 1 environment.

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For the year ended 31 August 2015

Cyber Attack

The risk of a DDOS attack is very real these days and the Group has experienced a number of attempts. All market facing software has the appropriate DDOS protection.

Regulatory Risk

The international regulatory landscape for the payments industry is constantly changing. It is important that eMerchantPay remains fully aware of all proposals and changes in the countries where it operates and adopts changes and requirements promptly. This enables the Group to ensure the continuation of service to its clients.

Merchant Credit Risk

eMerchantPay has always taken the credit risk of its merchants from its partner acquiring banks. This exposes the Group to the contractual ability of merchant to deliver the goods and services as advertised and/or refund the associated payment.

To mitigate this exposure eMerchantPay employs a number of tools including a significant investment in fraud and risk protection tools, the adoption of rolling credit reserves and the delay in settlement to merchants.
In the accounts for the year there is $20,272 (2014 $35,318) for merchant credit write-off.

Settlement Risk

In processing payment transactions eMerchantPay is required to remit the proceeds it receives from the schemes to settle the transactions of its merchants. Failure to settle those transactions, either because funds have not been received or eMerchantPay's (or its partner banks) systems have failed would expose eMerchantPay breaching it merchant contracts exposing it to legal, financial and reputational consequences.

To mitigate this eMerchantPay's designated bank accounts are monitored and reconciled daily ensuring that any rejected or unexpected payments are identified and corrected as soon as possible. The funds received daily are also reconciled to scheme settlement reports to ensure that the appropriate level of funds have been received and that there is sufficient liquidity to allow eMerchantPay to meet its obligations to its merchants.

Financial Risk

eMerchantPay operates across the globe and as a result is exposed to a number of financial risks including foreign exchange risks and interest rate risks.

Approved by the Board of Directors and signed on behalf of the Board

S R Dickson
Director

Date: 28 April 2016

Directors' report

For the year ended 31 August 2015

Results

The profit for the year, after taxation, amounted to $3,934,202 (2014 - $3,132,252)

Post balance sheet events

There have been no significant events affecting the group identified subsequent to year end through to the date of this report.

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 that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that 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 and the group's auditors are aware of that information.

Auditors

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

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

S R Dickson
Director

Date: 28 April 2016

Directors' responsibilities statement

For the year ended 31 August 2015

The directors are responsible for preparing the Directors' report and the consolidated 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 group financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs and UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of eMerchantPay Limited

We have audited the financial statements of eMerchantPay Limited for the year ended 31 August 2015, which comprise the Consolidated statement of profit or loss, the Consolidated statement of changes in equity, the Consolidated statement of financial position, the Consolidated statement of cash flows, the related notes, the parent Company Balance sheet and the notes to the parent Company financial statements. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom general Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 August 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report to the members of eMerchantPay Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Grant Thornton UK LLP.

Nicholas Watson
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading

Date: 28th April 2016

Consolidated statement of profit or loss

For the year ended 31 August 2015

	Notes	2015	2014
		$	$
Revenue	4	**35,423,367**	24,665,728
Direct expenses		**(13,935,355)**	(6,079,027)
Employee benefits expenses	6	**(544,726)**	(361,057)
Other expenses		**(15,751,944)**	(14,082,512)
Operating profit	7	**5,191,342**	4,143,132
Finance costs	8	**-**	(9,164)
Finance income	8	**23,940**	764
Other finance items	7	**(259,991)**	3,427
Loss on sale of subsidiary		**-**	(89,570)
Profit before tax		**4,955,291**	4,048,589
Tax expense	9	**(1,021,089)**	(916,337)
Profit for the year and total comprehensive income		**3,934,202**	3,132,252

All amounts relate to continuing operations.

The notes on pages 17 to 44 form part of these financial statements.

eMerchantPay Limited
Registered number: 05153270

Consolidated statement of financial position

As at 31 August 2015

	Notes	2015	2014	2013
		$	$	$
Assets				
Non-current				
Other long-term financial assets	10	**3,297,644**	1,205,271	1,060,351
Non-current assets		**3,297,644**	1,205,271	1,060,351
Current				
Trade and other receivables	11	**18,879,329**	11,959,771	7,365,031
Cash and cash equivalents	12	**6,533,058**	6,394,932	5,732,318
Current assets		**25,412,387**	18,354,703	13,097,349
Total assets		**28,710,031**	19,559,974	14,157,700

Consolidated statement of financial position

As at 31 August 2015

	Notes	**2015**	2014	2013
		$	$	$
Equity and liabilities				
Equity				
Share capital	13	2	2	2
Retained earnings		**15,245,960**	11,311,758	8,179,508
Total equity		**15,245,962**	11,311,760	8,179,510
Liabilities				
Current Liabilities				
Pension and other employee obligation	14	**134,121**	62,627	47,500
Trade and other payables	15	**12,787,954**	7,848,469	5,485,882
Current tax liabilities		**541,994**	337,118	444,808
Current liabilities		**13,464,069**	8,248,214	5,978,190
Total liabilities		**13,464,069**	8,248,214	5,978,190
Total equity and liabilities		**28,710,031**	19,559,974	14,157,700

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 April 2016

S R Dickson
Director

The notes on pages 17 to 44 form part of these financial statements.

eMerchantPay Limited
Registered number: 05153270

Consolidated statement of changes in equity

For the year ended 31 August 2015

	Share capital	Retained earnings	Total equity
	$	$	$
Balance at 1 September 2013	2	8,179,508	8,179,510
Profit for the year and total comprehensive income	-	3,132,252	3,132,252
Dividends paid	-	(2)	(2)
Balance at 31 August 2014 and 1 September 2014	**2**	**11,311,758**	**11,,311,760**
Profit for the year and total comprehensive income	-	3,934,202	3,934,202
Balance at 31 August 2015	**2**	**15,245,960**	**15,245,962**

The notes on pages 17 to 44 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 August 2015

	Notes	2015 $	2014 $
Operating activities			
Profit before tax		**4,955,291**	4,048,589
Non-cash flow adjustments	17	**167,312**	106,052
Net changes in working capital	17	**(1,908,579)**	(2,306,596)
Taxes paid		**(816,213)**	(1,024,027)
Net cash from operating activities		**2,397,811**	824,018
Investing activities			
Purchase of other long term financial assets	10	**(2,247,216)**	(150,000)
Interest received	8	**23,940**	764
Net cash used in investing activities		**(2,223,276)**	(149,236)
Financing activities			
Interest paid	8	**-**	(9,164)
Dividends paid		**-**	(2)
Net cash used in financing activities		**-**	(9,166)
Net change in cash and cash equivalents		**174,535**	656,616
Cash and cash equivalents, beginning of year	12	**6,394,932**	5,732,318
Exchange differences on cash and cash equivalents		**(36,409)**	(3,002)
Cash and cash equivalents, end of year	12	**6,533,058**	**6,394,932**

The notes on pages 17 to 44 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 August 2014

1. Nature of operations

The principal activity of the Group is the provision of payment services to merchants including a payment gateway and approval technology enabling merchants to accept payments by debit and credit cards and other payment methods and acquiring of Mastercard and Visa transactions.

2. General information and statement of compliance with IFRSs

eMerchantPay Limited the Group's parent company, is a limited liability company incorporated and domiciled in the United Kingdom. Its registered office and principal place of business is 29 Howard Street, North Shields, Tyne & Wear, NE30 1AR.

The financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with IAS 1.51(b) International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by the EU.

The consolidated financial statements for the year ended 31 August 2015 (including comparatives) were approved and authorised for issue by the board of directors on 28 April 2016.

IAS 1.10(f) requires an entity to present additional statement of financial position as at the beginning of the preceding period when an entity:

- applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements, and
- the retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period.

Related notes to the opening balances of the additional statement of financial position for the preceding year are not required.

The retrospective application of certain new and revised IFRSs in 2015 has a material effect on the consolidated statement of financial position and the statement of financial position of the Company as at 1 September 2013. Therefore, the Group and the Company present a third statement of financial position as at 1 September 2013 without related notes.

3. Changes in accounting policies

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company and the Group. Information on those expected to be relevant to the Company and the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Company and the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Company and the Group's financial statements.

IFRS 9 'Financial Instruments' (2014)
The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this the stage the main areas of expected impact are as follows:

- the classification and measurement of the Company and the Group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed.
- an expected credit loss-based impairment will need to be recognised on the Company and the Group's trade receivables (see note 11) and investments in debt-type assets currently classified as AFS and HTM, unless classified at fair value through profit or loss in accordance with the new criteria.
- it will no longer be possible to measure equity investments at cost-less impairment and all such investments will need to be measured at fair value. Changes in fair value will be presented in profit or loss unless the Company and the Group makes an irrecoverable designation to present them in other comprehensive income. This will affect the Company and the Group's investment in EMPPAY Limited.
- if the Company and the Group continue to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the Company and the Group's own credit risk.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

4. Summary of accounting policies

4.1 Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

4.2 Basis of consolidation

The Group financial statements consolidate those of the parent company and its subsidiary as of 31 August 2015. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 August. All information consolidated is for the 12 months to 31 August. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of Group members have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Notes to the Financial Statements

For the year ended 31 August 2014

4.3 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the directors' report.

The Group meets its day to day working capital requirements through its own funds held in corporate accounts with its' bankers. The current economic conditions create uncertainty particularly over the level of demand for the Group's services and the exchange rate between US Dollar, Sterling and Euro and thus the consequence for the cost base for the Group's activities.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should have adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

4.4 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in US Dollars ("USD") which is also the functional currency of the parent company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

The functional currency of the entities in the Group is USD and has remained unchanged during the reporting period.

4.5 Revenue

Revenue arises from the rendering of services. It is measured at the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The Group generates revenues from the provision of payment services to online merchants and from fees and commissions earned in respect of its services as an acquirer for Mastercard and Visa.

Consideration received for these services is recognised as revenue at the point at which the online transaction is executed.

Interest income and expenses are reported on an accrual basis using the effective interest method.

Notes to the Financial Statements
For the year ended 31 August 2014

Dividends are recognised at the time the right to receive payment is established.

4.6 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

4.7 Financial instruments

Recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)
- available-for-sale (AFS) financial assets.

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at FVTPL
Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below). Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

AFS financial assets
AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Classification and subsequent measurement of financial liabilities
The Group's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value and measured subsequently at amortised cost using the effective interest method

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.8 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.10 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Retained earnings includes all current and prior period retained profits.

All transactions with owners of the parent are recorded separately within equity.

4.11 Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

4.12 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement
The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Capitalisation of internally developed software
Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Recognition of deferred tax assets
The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deductible temporary differences can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Notes to the Financial Statements
For the year ended 31 August 2015

Revenue recognition
Commission for the provision of online payment services is calculated as a percentage of or a fixed fee on the value of the transaction the service is provided in respect of. Turnover is recognised at the value of commissions earned for services provided during the year.

The directors recognise that they adopt some credit risk around the transactions the Group processes but do not consider that there is any significant impact on their role as agent in the transactions.

Functional currency
The directors believe that due to the nature of the business and given that a significant proportion of the Group and Company's income is derived in US dollars, the functional currency of the Group and Company is US dollars and the financial statements should be presented in US dollars.

Estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 22).

5 Interests in subsidiaries

Composition of the Group

Set out below are details of the subsidiaries held by the Group.

Shares held by eMerchantPay Limited:

Company Name	Country	Percentage Shareholding	Description
EMPPAY Limited	United Kingdom	100%	Provides payment solutions to small merchants

Notes to the Financial Statements
For the year ended 31 August 2015

6. Employee remuneration

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

	2015	2014
	No.	No.
	5	3

Expenses recognised for employee benefits are analysed below

	2015	2014
	$	$
Non-executive director fees	**82,355**	52,007
Sums paid to third parties for employee services	**462,371**	309,050
	544,726	361,057

7. Operating profit

Operating profit is stated after charging/(crediting).

	2015	2014
	$	$
Foreign exchange losses/(gains)	**259,991**	(3,427)
Auditors remuneration		
- for audit services	**86,019**	71,358
- for non-audit services	**7,681**	25,610

8. Finance costs and finance income

Finance costs for the reporting periods consist of the following:

	2015	2014
	$	$
Other interest	**-**	9,164

Finance income for the reporting periods consists of the following:

	2015	2014
	$	$
Interest on bank deposits	**23,940**	764

Notes to the Financial Statements

For the year ended 31 August 2015

9. Tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of eMerchantPay Limited at 20.58% (2014: 22.16%) and the reported tax expense in profit or loss are as follows:

	2015	2014
	$	$
Profit before tax	**4,955,291**	4,048,589
Domestic tax rate for eMerchantPay Limited	**20.58%**	22.16%
Expected tax expense	**1,019,799**	897,167
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,704**	2,852
Adjustments to tax charge in respect of prior periods	**(253)**	(348)
Current tax (prior period) exchange differences arising on movement between opening and closing spot rates	**-**	749
Current tax (current period) exchange differences arising on movement between opening and closing spot rates	**-**	19
Non-taxable income	**-**	19,772
Group relief	**(12)**	(2,875)
Marginal relief	**(149)**	(999)
Actual tax expense	**1,021,089**	916,337

Tax expense comprises:

	2015	2014
	$	$
Current tax expenses	**1,021,089**	916,337
Tax expense	**1,021,089**	916,337

Notes to the Financial Statements

For the year ended 31 August 2015

10. Long term financial assets

Group	Security deposits $	Other long term financial assets $	Total $
Cost or valuation			
At 1 September 2014	1,055,271	150,000	1,205,271
Additions	2,112,216	135,000	2,247,216
Foreign exchange movement	(154,843)	-	(154,843)
At 31 August 2015	3,012,644	285,000	3,297,644
Net book value			
At 31 August 2015	**3,012,644**	**285,000**	**3,297,644**
At 31 August 2014	**1,055,271**	**150,000**	**1,205,271**

	Security deposits $	Other long term financial assets $	Total $
Cost or valuation			
At 1 September 2013	1,060,351	-	1,060,351
Additions	-	150,000	150,000
Foreign exchange movement	(5,080)	-	(5,080)
At 31 August 2014	1,055,271	150,000	1,205,271
Net book value			
At 31 August 2014	**1,055,271**	**150,000**	**1,205,271**
At 31 August 2013	**1,060,351**	**-**	**1,060,351**

Notes to the Financial Statements

For the year ended 31 August 2015

11. Trade and other receivables

Trade and other receivables consist of the following:

	2015	2014	2013
	$	$	$
Trade receivables	4,732,869	3,765,791	2,859,341
Financial assets	**4,732,869**	**3,765,791**	**2,859,341**
Amounts owed by related parties	13,332,581	7,353,622	4,127,543
Other debtors	199,248	240,146	371,480
Prepayments	614,631	250,212	6,667
Non-financial assets	**14,146,460**	**7,843,980**	**4,505,690**
	18,879,329	**11,609,771**	**7,365,031**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment and none were found to be impaired.

12. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2015	2014	2013
	$	$	$
Cash at bank and in hand:			
- USD	**5,097,997**	5,459,538	4,902,918
- GBP	**1,315,683**	569,548	415,640
- EUR	**119,272**	212,793	260,687
- Other currencies	**106**	3,053	3,073
Short-term deposits			
- USD	**-**	150,000	150,000
	6,533,058	**6,394,932**	**5,732,318**

Notes to the Financial Statements

For the year ended 31 August 2015

13. Share capital

	2015	2014	2013
	$	$	$
Shares authorised, issued and fully paid:			
1 Ordinary share of £1	**2**	2	2

14. Pensions and other employee obligations

The liabilities recognised for pensions and other employee remuneration consist of the following amounts:

	2015	2014	2013
Current	$	$	$
Other short term employees obligations	**134,121**	62,627	47,500

15. Trade and other payables

Trade and other payables consist of the following:

	2015	2014	2013
Current	$	$	$
Trade payables	**318,504**	234,926	178,782
Amounts owed to related parties	**276,186**	280,151	4,944,461
Accruals and deferred income	**12,193,264**	7,333,392	362,639
	12,787,954	7,848,469	5,485,882

All amounts are short-term. The carrying values of trade payables and accruals and deferred income are considered to be a reasonable approximation of fair value.

Notes to the Financial Statements
For the year ended 31 August 2015

16. Financial assets and liabilities

Categories of financial assets and financial liabilities

Note 4.12 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Note	Held for trading (FVTPL)	Loans and receivables	Total
2015		$	$	$
Financial assets				
Security deposits	10	-	3,012,644	3,012,644
Other investments	10	285,000	-	285,000
Other long-term financial assets		285,000	3,012,644	3,297,644
Trade and other receivables	11	-	4,732,869	4,732,869
Cash and cash equivalents	12	-	6,533,058	6,533,058
		-	11,265,927	11,265,927

	Note	Other liabilities	Total
		$	$
Financial liabilities			
Trade and other payables	15	12,787,954	12,787,954

	Note	Held for trading (FVTPL)	Loans and receivables	Total
2014		$	$	$
Financial assets				
Security Deposits	10	-	1,055,271	1,055,271
Other investments	10	150,000	-	150,000
Other long-term financial assets		150,000	1,055,271	1,205,271
Trade and other receivables	11	-	3,765,791	3,765,791
Cash and cash equivalents	12	-	6,394,932	6,394,392
		-	10,160,723	10,160,723

Notes to the Financial Statements

For the year ended 31 August 2015

		Other liabilities	Total
		$	$
Financial liabilities			
Trade and other payables	15	7,848,469	7,848,469

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 21.

The methods used to measure financial assets reported at fair value are described in Note 20.

17. Non-cash flow adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to profit before tax to arrive at operating cash flow:

Non- cash flow adjustments	**2015**	2014
	$	$
Foreign exchange losses	**36,409**	3,002
Exchange rate movement in Security deposits	**154,843**	5,080
Interest income	**(23,940)**	(764)
Interest expense	**-**	9,164
Loss on disposal of investment	**-**	89,570
Total adjustments	**167,312**	106,052

Net changes in working capital	**2015**	2014
	$	$
Increase in trade and other receivables	**(6,919,558)**	(4,687,792)
Increase in trade and other payables	**4,939,485**	2,366,069
Increase in other employee obligations	**71,494**	15,127
Total changes in working capital	**(1,908,579)**	(2,306,596)

Notes to the Financial Statements

For the year ended 31 August 2015

18. Related party transactions

As a wholly owned subsidiary of the group headed by eMerchantPay Group Limited, the group has taken advantage of the exemption as provided by Financial Reporting Standard No. 8 'Related Party Disclosures' not to disclose transactions with other wholly owned members of the group.

During the year, the group incurred costs of $11,536,539 (2014 - $10,844,523) in respect of services received from eMerchantPay OOD, a fellow group subsidiary, and at the yearend had an outstanding balance of $435,015 due from the company (2014 - $171,290).

19. Controlling party

The directors consider that the immediate and ultimate parent undertaking of this group is eMerchantPay Group Limited, a company incorporated in Jersey, by virtue of its controlling stake over it. The largest and smallest Group of which the company is a member and for which Group financial statements are drawn up is headed by eMerchantPay Group Limited. Copies of the financial statements of eMerchantPay Group Limited are available from Centenary House, La Grande Route de St. Pierre, St. Peter, Jersey, JE3 7AY.

Notes to the Financial Statements

For the year ended 31 August 2015

20. First time adoption of IFRS

The directors present the reconciliation of equity on transition to IFRS.

	Note	UK GAAP	1 September 2013 Effect of transition to IFRS	IFRS
Non-current assets				
Other long-term financial assets	10	1,060,351	-	1,060,351
		1,060,351	-	1,060,351
Current assets				
Trade and other receivables	11	7,365,031	-	7,365,031
Cash and cash equivalents	12	5,732,318	-	5,732,318
		13,097,349	-	13,097,349
Total Assets		14,157,700	-	14,157,700
Equity				
Share capital	13	2	-	2
Retained earnings		8,179,508	-	8,179,508
Current liabilities				
Pension and other employee obligations	14	-	47,500	47,500
Trade and other payables	15	5,533,382	(47,500)	5,485,882
Current tax liabilities		444,808	-	444,808
Total equity and liabilities		14,157,700	-	14,157,700

Notes to the Financial Statements

For the year ended 31 August 2015

20. First time adoption of IFRS (continued)

	Note	UK GAAP	31 August 2014 Effect of transition to IFRS	IFRS
		$	$	$
Non-current assets				
Other long-term financial assets	10	1,555,271	(350,000)	1,205,271
		1,555,271	(350,000)	1,205,271
Current assets				
Trade and other receivables	11	11,609,771	350,000	11,959,771
Cash and cash equivalents	12	6,394,932	-	6,394,932
		18,004,703	350,000	18,354,703
Total Assets		19,559,974	-	19,559,974
Equity				
Share capital	13	2		2
Retained earnings		11,311,758	-	11,311,758
Current liabilities				
Pension and other employee obligations	14	-	62,627	62,627
Trade and other payables	15	7,911,096	(62,627)	7,848,469
Current tax liabilities		337,118	-	337,118
Total equity and liabilities		19,559,974	-	19,559,974

On transition to IFRS the following GAAP adjustments were identified:

- amounts of $62,627 (2013: $47,500) included in trade and other payables were identified as being owed to employees and reclassified to pensions and other employee obligations,
- amounts of $350,000 (2013: $nil) included in other long-term finance assets were identified as receivables and were reclassified as such

There was no impact on total comprehensive income on transition to IFRS.

Notes to the Financial Statements
For the year ended 31 August 2015

21. Financial instruments risk

21.1 Risk management objectives and policies
The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 21. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.
The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

21.2 Market risk analysis
The Group is exposed to market risk through its use of financial instruments and specifically to currency risk which results from both its operating and investing activities.

21.3 Foreign currency sensitivity
Most of the Group's transactions are carried out in US Dollars. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in Euros (EUR) and Pounds Sterling (GBP). Further, the Group has bank balances held in EUR, GBP and other currencies. The Group's exposure to foreign currency risk from non-USD cash flows is carefully monitored. Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows (due after 6 months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into USD at the closing rate:

	EUR	GBP	Other
	$	$	$
At 31 August 2015			
Financial assets	2,205,923	850,844	59,538
Financial Liabilities	(328,950)	(1,047,416)	(9,782)
Total exposure	1,876,973	(196,572)	49,756

Notes to the Financial Statements

For the year ended 31 August 2015

	EUR	GBP	Other
	$	$	$
At 31 August 2014			
Financial assets	1,013,856	1,325,837	16,634
Financial Liabilities	(71,977)	(577,520)	-
Total exposure	941,879	748,317	16,634

The following table illustrates the sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities and the EUR/USD exchange rate and GBP/USD exchange rate 'all other things being equal'. It assumes a +/- 10% change of the USD/EUR exchange rate for the year ended at 31 August 2015 (2014: 5%). A +/-5% change is considered for the USD/GBP exchange rate (2014: 10%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

If the USD had strengthened against the EUR by 10% (2014: 5%) and GBP by 5% (2014: 5%) respectively then this would have had the following impact:

	Profit for the Year			Equity		
	EUR	GBP	Total	EUR	GBP	Total
	$	$	$	$	$	$
31 August 2015	(187,697)	9,829	(177,868)	(187,697)	9,289	(177,868)
31 August 2014	(47,094)	(37,416)	(84,510)	(47,094)	(37,416)	(84,510)

If the USD had weakened against the EUR by 10% (2014: 5%) and GBP by 5% (2014: 5%) respectively then this would have had the following impact:

	Profit for the Year			Equity		
	EUR	GBP	Total	EUR	GBP	Total
	$	$	$	$	$	$
31 August 2015	187,697	(9,829)	177,868	187,697	(9,829)	177,868
31 August 2014	47,094	37,416	84,510	47,094	37,416	84,510

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Notes to the Financial Statements

For the year ended 31 August 2015

21.4 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example receivables to customers and placing deposits. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 August, as summarised below:

	2015	2014
	$	$
Classes of financial assets – carrying amounts:		
- Cash and cash equivalents	**6,533,058**	6,394,932
- Trade and other receivables	**4,732,869**	3,765,791
- Security deposits	**3,012,644**	1,055,271
- Other investments	**285,000**	150,000
	14,563,571	11,365,994

The Group continuously monitors defaults of customers, merchants and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. Where available, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 31 August reporting dates under review are of good credit quality.
At 31 August the Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at 31 August, analysed by the length of time past due, are:

	2015	2014
	$	$
Not more than 3 months	**2,530**	13,155
Total	**2,530**	13,155

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

Notes to the Financial Statements

For the year ended 31 August 2015

The Group has always taken the credit risk of its merchants from its partner acquiring banks. This exposes the Group to the contractual ability of merchant to deliver the goods and services as advertised and/or refund the associated payment.

To mitigate this exposure eMerchantPay employs a number of tools including a significant investment in fraud and risk protection tools, the adoption of rolling credit reserves and the delay in settlement to merchants.

In the accounts for the year there is $20,272 (2014 $35,318) for merchant credit write-off.

The credit risk for cash and cash equivalents and derivate financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

21.5 Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available cash balances to identify any potential shortfalls.

The Group's objective is to maintain cash to meet its liquidity requirements for its day to day activities and to fund on-going investment. This objective was met for the reporting periods.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables (see Note 21) significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within two months.

As at 31 August 2015, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current	
	Within 6 months	6 to 12 months
Trade and other payables	$12,787,954	$Nil

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows

	Current	
	Within 6 months	6 to 12 months
Trade and other payables	$7,848,469	$Nil

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

22. Fair value measurement

Fair value measurement of financial instruments
Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The groups financial assets and liabilities fell in Level 3, at 31 August 2014 and 31 August 2015.

23. Capital management policies and procedures

The Group' s capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented on the face of the statement of financial position.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2015	2014
	$	$
Total equity	**15,245,962**	11,311,758
Cash and cash equivalents	**6,533,058**	6,394,932
Capital	**21,779,020**	17,706,690
Total equity	**15,245,962**	11,311,758
Overall financing	**15,245,962**	11,311,758
Capital-to-overall financing ratio	**0.70**	0.63

24. Contingent liability

Total contingent liabilities at 31 August 2015 amounted to $1.449m (2014: $nil) pertaining to a potential VAT liability for which the criteria for recognising a provision were not met.

25. Post-reporting date events

No adjusting events have occurred between the 31 August reporting date and the date of authorisation.

26. Authorisation of financial statements

The consolidated financial statements for the year ended 31 August 2015 (including comparatives) were approved by the board of directors on 28 April 2016

S R Dickson
Director

eMerchantPay Limited
Registered number: 05153270

Company balance sheet
As at 31 August 2015

	Notes	**2015**	2014
		$	$
Fixed assets			
Investments	28	3,297,646	1,555,273
Current assets			
Debtors	29	18,877,700	11,604,504
Cash at bank		6,472,102	6,110,249
		25,349,802	17,714,753
Creditors: amounts falling due within one year	30	(13,545,942)	(8,075,075)
Net current assets		11,803,860	9,639,678
Net assets		15,101,506	11,194,951
Capital and Reserves			
Called up share capital	13	2	2
Profit and loss account	31	15,101,504	11,194,949
Shareholders' funds	32	15,101,506	11,194,951

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 April 2016

S R Dickson
Director

The notes on pages 41 to 44 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 August 2015

27. Accounting Policies

27.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Due to the nature of the Company's business and given that a significant proportion of the Company's income is derived in US Dollars the financial statements are presented in US Dollars.

27.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the directors' report. The Company meets its day to day working capital requirements through its own funds held in corporate accounts with its' bankers. The current economic conditions create uncertainty particularly over the level of demand for the Company's services and the exchange rate between US Dollar, Sterling and Euro and thus the consequence for the cost base for the Company's activities. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should have adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

27.3 Investments

Subsidiary undertakings
Investments in subsidiaries are valued at cost less provision for impairment.

27.4 Deferred taxation

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

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

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

Deferred tax assets and liabilities are not discounted.

27.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the balance sheet date.

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

Exchange gains and losses are recognised in the Profit and loss account.

27.6 Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity

Notes to the Financial Statements

For the year ended 31 August 2015

28. Fixed asset investments

	Investments in subsidiary companies $	Security deposits $	Other long term financial assets $	Total $
Cost or valuation				
At 1 September 2014	2	1,055,271	500,000	1,555,273
Reclassified as other receivable	-	-	(350,000)	(350,000)
Additions	-	2,112,216	135,000	2,247,216
Foreign exchange movement	-	(154,843)	-	(154,843)
At 31 August 2014	2	3,012,644	285,000	3,297,646
Net book value				
At 31 August 2015	**2**	**3,012,644**	**285,000**	**3,297,646**
At 31 August 2014	**2**	**1,055,271**	**500,000**	**1,555,273**

Please see note 5 for details of the Company's subsidiary undertakings.

29. Debtors

	2015 $	2014 $
Trade debtors	4,731,240	3,760,524
Amounts owed by related parties	13,332,581	7,353,622
Other debtors	813,879	490,358
	18,877,700	11,604,504

30. Creditors:
Amount falling due within one year

	2015 $	2014 $
Trade creditors	318,171	92,634
Amounts owed to related parties	490,788	329,440
Tax payable	535,127	332,763
Other creditors	22,259	753
Accruals and deferred income	12,179,597	7,319,485
	13,545,942	8,075,075

Notes to the Financial Statements

For the year ended 31 August 2015

31. Reserves

	Profit and loss account $
At 1 September 2014	11,194,949
Profit for the financial year	3,906,555
At 31 August 2015	15,101,504

32. Reconciliation of movement in shareholders' funds

	2015 $	2014 $
Opening shareholders' funds	11,194,951	3,297,454
Profit for the financial year	3,906,555	7,897,499
Dividends paid	-	(2)
Closing shareholders' funds	15,101,506	11,194,951

The profit for the year dealt with in the accounts of the Company was $3,906,555 (2014 - $7,897,499)

33. Contingent liability

Total contingent liabilities at 31 August 2015 amounted to $1.449m (2014: $nil) pertaining to a potential VAT liability for which the criteria for recognising a provision were not met.