

PXP FINANCIAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Registration number: 05433326



PXP FINANCIAL LIMITED
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PXP FINANCIAL LIMITED
COMPANY INFORMATION

Directors Keith Woodhead
Richard Knight
Koen Vanpraet
Jonathan Bell

Registered Number 05433326

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

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

PXP FINANCIAL LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Organisational Overview

The company is part of the PXP Financial Group. The principal activity of PXP Financial Ltd "the company" is to provide payment services to businesses accepting electronic payments. In order to carry out that activity, the company is regulated and licensed as a payment institution by the Financial Conduct Authority (FCA). It is a principal Member of Visa and MasterCard and is PCI DSS compliant. The company has strategic partners in place to help to deliver this service.

Business model

PXP Financial Limited is a complete, end-to-end payment service that helps businesses make and receive payments online globally. PXP Financial Limited gives access to a wide variety of payment options including card payments and alternative payments and manages the entire payment flow in a secure environment for both their customers and their customers' customers.

The company regards its operations as being split into three main business areas:

- Global Gateway - providing a technical e-commerce payment gateway to merchants to connect them with payment providers in a safe and secure manner as well as providing consolidated risk, reconciliation and reporting services.
- Card Acquiring - Processing Visa, MasterCard and Maestro branded credit and debit card transactions in eleven settlement currencies (EUR, USD, GBP, CHF, AUD, CAD, SEK, NOK, DKK, JPY, PLN).
- Settlement Services - processing transactions via direct connections to over 90 alternative payment methods, providing a single combined settlement to merchants to enable them to offer a wide variety of alternative payment methods to customers without the need to contract and reconcile with those providers individually.

It can service merchants in 31 countries in Europe offering a robust technical solution that allows it to operate 24 hours a day, 365 days a year, safely, securely and continuously.

Strategy

Our goal is to be one of the leading providers of electronic payment services worldwide. We currently operate with a pan European licence in 31 countries. Our strategy is to differentiate ourselves by providing the best service and leading edge products to our customers whilst also seeking opportunities to grow the business through developing and offering additional products and services to our customers, and expanding into new geographical markets.

PXP Financial has seen a large increase in the number of partners and growth in overall revenue during 2018 and sees a focus on collaboration and strengthening relationships with both existing and new partners as a strong opportunity to grow the business further during 2019, as well as working to further develop the company's partner network going forward.

The company has an ongoing focus on development of its payments platform, as well as its products and services, to continually strengthen its brand and appeal to customers, and to build on its ambitions, strengthen its position in the market and build a global footprint. The company is also committed to providing excellent customer service, building on its services through further automation and providing enhanced reporting to its customers.

Performance assessment, financial review and key performance indicators

Key revenue drivers for the company are the value of transactions processed, which increased by 36% (2017: increased 29%).

During the year a detailed review was undertaken of aged balances recorded within the balance sheet. This review identified that there were a number of historic receivables, which in the opinion of the Directors there is no likely prospect of recovering. The Directors have therefore elected to make an adjustment to write-off these balances. As these pre dated 2017 a prior year adjustment (note 18) has been made against 2017 opening reserves to account for this.

Risk and uncertainties

Risk management is an integral part of managing our business and the PXP Group formally maintains and reviews its risk register on a regular basis. Due to the nature of the financial products offered, a key risk to the company is the possibility of money laundering and fraud by external parties. In order to mitigate these risks, the company has robust policies and procedures in place.

IT Risk

The company is exposed to significant IT risks through the operation of its trading activities on a proprietary e-payment platform which it licences from PXP Financial Group Limited.

PXP FINANCIAL LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Risk and uncertainties (continued)

Credit Risk

Credit risk is the risk of financial loss to the company that a customer or payment service provider will fail to meet their contractual obligations. The company mainly has agreements with merchants to provide net settlement whereby charges are deducted before funds are settled. This helps to reduce the risk to the company, however there may be arrangements in place where the company settles funds prior to receiving them or is obligated to settle funds not received from other payment service providers. In specific instances where credit is provided through pre-funding, flexible payment terms are agreed and these are monitored by the company in order to reduce the risk.

Foreign Exchange Risk

PXP Financial aggregates and acquires transactions in multiple currencies for merchants in 31 countries. Wherever possible the company will receive settlements from payment providers and card schemes in the same currency as the underlying transaction and will settle in this currency to its merchants. Some merchants may request settlement in a currency different from the underlying transaction and the company is able to generate foreign exchange income from providing this service.

Foreign exchange risk also occurs when transactions are entered into which are not denominated in the functional currency of the company. PXP Financial aims to mitigate against this risk by naturally hedging its assets and liabilities.

Liquidity risk

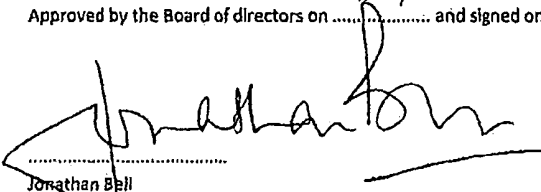
PXP Financial Limited maintains sufficient cash and liquid resources to cover likely future settlements. We also have the backing of the Senjo group if required. Amounts owed to the group are non-current liabilities.

Corporate governance

As an FCA licenced payment institution, we are obliged to abide by their regulations. The PXP Financial Group Limited has established compliance and risk management processes through the use of workshops, committees and regular timely reporting to ensure that risks are identified, monitored and controlled on an on-going basis and that significant risks are escalated to the Board of directors when necessary. The Board considers that the company has complied with these regulations throughout the year.

24/10/19

Approved by the Board of directors on and signed on its behalf by:


.....
Jonathan Bell
Director

PXP FINANCIAL LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors of the company

The directors who held office during the year were as follows:

Keith Woodhead

Haukur Gislason (Appointed 01 March 2018, resigned 15 November 2018)

Kaveh Shek-Hestani (Resigned 28 February 2018)

Richard Knight (Appointed 01 May 2018)

Michael Burtscher (Resigned 08 May 2018)

Jonathan Bell (Appointed 28 February 2019)

Koen Vanpraet (Appointed 28 February 2019)

Gabriele Griesbacher (Appointed 15 November 2018, resigned 15 September 2019)

Principal activity

The principal activity of the company is to provide online payment services to merchants. In order to provide some of these payment services, the company is authorised and regulated by the Financial Conduct Authority under the Payment Services Regulations 2009. The company is also a principal member of Visa and MasterCard for card acquiring.

The company holds commercial agreements with merchants to supply payment services including payment gateway, aggregation or settlement services and card acquiring. The payment gateway service offers the merchant a technical connection to many payment providers via a technical payment platform. The aggregation service offers the merchant a turnkey payment processing solution where technical and commercial relationships are handled by the company including a full cash management service. As a card acquirer for Visa and MasterCard, the company can directly enter into contracts with merchants to offer merchant acquiring services.

In order to offer payment services, the company has entered into agreements with various payment service providers to make their local multi-currency payment services available on the payment platform.

Change of legal entity name

On the 20 November 2018 by special resolution Kalixa Accept Limited changed its legal entity name to PXP Financial Limited.

Results

The company made a loss for the year ended 31 December 2018 of €2,838,081 (2017 profit: €856,526).

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Political and charitable donations

There were no charitable donations during the year. There were no political donations in the year.

Re-appointment of auditors

The auditors, Price Bailey LLP, have been appointed under section 487(2) of the Companies Act 2006.

Directors' indemnities

The company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year ended 31 December 2018 in relation to certain losses and liabilities which the directors may incur to third parties.

PXP FINANCIAL LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

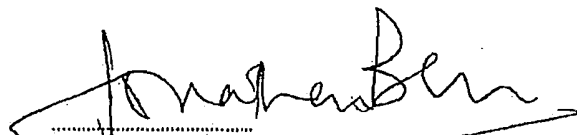
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 28/10/19 and signed on its behalf by:


Jonathan Bell
Director

PXP FINANCIAL LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PXP FINANCIAL LIMITED

Opinion

We have audited the financial statements of PXP Financial Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018, and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

PXP FINANCIAL LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PXP FINANCIAL LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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


Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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


Richard Vass (Senior Statutory Auditor)

for and on behalf of
Price Bailey LLP

Chartered Accountants
Statutory Auditors

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

Date: 25 October 2019

PXP FINANCIAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

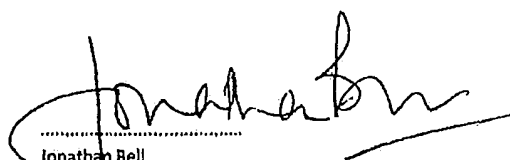
		2018	2017
	Note	€	€
Revenue	1	38,183,274	28,030,827
Cost of sales		<u>(29,696,138)</u>	<u>(22,457,343)</u>
Gross profit		8,487,136	5,573,484
Non Trading Income		1,514,870	203,687
Administrative expenses		(11,612,902)	(5,727,920)
Exchange losses	2	<u>(1,322,277)</u>	<u>(2,539,408)</u>
(Loss)/ Profit from operating activities		(2,933,173)	(2,490,157)
Finance income	5	9,208	1
Finance expense	6	(78,608)	(5,232)
Income from subsidiary undertakings		220,290	526,943
Profit on sale of investment		<u>-</u>	<u>2,403,911</u>
(Loss)/Profit before tax		(2,782,283)	435,466
Taxation	7	<u>(55,798)</u>	<u>421,060</u>
(Loss)/Profit after tax		<u><u>(2,838,081)</u></u>	<u><u>856,526</u></u>

The notes on pages 11 to 18 form an integral part of these financial statements.

PXP FINANCIAL LIMITED (REGISTRATION NUMBER: 05433326)
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

	Note	2018 €	2017 € (Restated)
Non-current assets			
Intangible assets	8	929,748	-
Investments	9	11	11
		<u>929,759</u>	<u>11</u>
Current assets			
Trade and other receivables	10	67,239,617	61,090,819
Cash and cash equivalents	11	63,622,953	24,902,250
		<u>130,862,570</u>	<u>85,993,069</u>
Total Assets		131,792,329	85,993,080
Current liabilities	12	(122,557,893)	(74,390,718)
Total assets less current liabilities		<u>9,234,436</u>	<u>11,602,362</u>
Non-current liabilities			
Loans	13	(470,155)	-
Total assets less liabilities		<u>8,764,281</u>	<u>11,602,362</u>
Equity			
Share capital	14	951,326	951,326
Currency translation reserve		(122,808)	(122,808)
Retained earnings	15	7,935,763	10,773,844
Total equity		<u>8,764,281</u>	<u>11,602,362</u>

The financial statements were approved by the Board of directors on 24/10/19 and signed on its behalf by:


Jonathan Bell
Director

The notes on pages 11 to 18 form an integral part of these financial statements.

PXP FINANCIÁL LIMITED (REGISTRATION NUMBER: 05433326)
STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2018

	Share capital	Available for sale	Retained earnings	Currency translation reserve	Total
	€	€	€	€	€
01 January 2018	951,326	-	10,773,844	(122,808)	11,602,362
Profit for the year	-	-	(2,838,081)	-	(2,838,081)
31 December 2018	951,326	-	7,935,763	(122,808)	8,764,281

	Share capital	Available for sale	Retained earnings	Currency translation reserve	Total
	€	€	€	€	€
			(Restated)		
01 January 2017	951,326	1,841,092	16,567,700	-	19,360,118
Prior year adjustment (note 18)	-	-	(771,916)	-	(771,916)
01 January 2017 revised	951,326	1,841,092	15,795,784	-	18,588,202
Profit for the year	-	-	856,526	-	856,526
Loss on sale of investment	-	(1,841,092)	-	-	(1,841,092)
Exchange movements	-	-	(35,699)	-	(35,699)
Foreign exchange on conversion	-	-	-	(122,808)	(122,808)
Total comprehensive income	-	(1,841,092)	820,827	(122,808)	(1,143,073)
Transactions with owners in their capacity as owners:					
Dividend payment	-	-	(5,842,767)	-	(5,842,767)
	-	-	(5,842,767)	-	(5,842,767)
31 December 2017	951,326	-	10,773,844	(122,808)	11,602,362

The notes on pages 11 to 18 form an integral part of these financial statements.

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The presentation currency is euro.

General information

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

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS
- a statement of cash flows
- the effect of future accounting standards, not yet adopted
- disclosure of related party transactions with other wholly owned members of the group headed by Senjō Group Pte. Ltd.
- Pre-comparative balance sheet due to prior year adjustment.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosure is included in the consolidated financial statements of PXP Financial Group Limited. These financial statements do not include certain disclosures in respect of:

- financial instruments;
- fair value measurements; or
- impairment of assets.

Going Concern

The company is historically profit making and has no requirements to be funded by its parent company, PXP Financial Group Limited. The directors are therefore satisfied that the company's financial statements can be prepared on a going concern basis.

Revenue

Revenue is recognised at the fair value of the consideration received or receivable net of VAT.

Revenue represents amounts chargeable in respect of services to customers and is recognised in the accounting period in which the services are rendered as this represents the way that control passes to customers. If the services rendered exceed the payments, a contract asset is recognised (note 1). If the payments exceed the services rendered, a contract liability is recognised. The company has three revenue models - payment gateway, aggregation services and card acquiring.

The payment gateway service offers the merchant a technical connection to many payment providers via the technical payment platform. This service may be charged on a fixed fee or per transaction with the revenue recognised and invoiced accordingly on a monthly basis.

The aggregation service offers the merchant a turnkey payment processing solution where technical and commercial relationships are handled by the company including a full cash management service. This service may be offered on a gross or net settlement basis and the revenue is recognised once the transaction is captured in the system.

As a card acquirer for Visa and MasterCard, the company can directly enter into contracts with merchants to offer merchant acquiring services. Customers are charged a fee on a transactional basis and revenue is recognised once the transaction is captured in the system.

All revenue is derived from continued operations.

1. Accounting policies (continued)

Critical accounting policies, estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Investments in subsidiaries (note 9)
- Payables classified as accruals and deferred income (note 12)

Intangible Assets

Intangible assets are recognised at cost less accumulated amortisation and any provision for impairment. Amortisation is charged on all intangible fixed assets at rates calculated to write-off the cost of each asset on a straight line basis over its estimated useful life from the date it was brought into use.

Asset class	Amortisation method and rate
Licence costs	33% straight line basis

Share capital

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

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

Taxation

Income tax expense represents the sum of the directors' best estimate of taxation exposures and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of revenue or cost that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of all timing differences where transactions or events that have originated but not reversed at the balance sheet date result in an obligation to pay more tax in the future, or a right to pay less tax in the future.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on a non-discounted basis at the tax rates that are expected to apply in the periods which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency

Transactions entered into by the company in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

As at 01 January 2017 the company changed its functional currency from GBP to EUR. On translation of the brought forward reserves this resulted in a currency translation adjustment being made which is reflected within retained earnings.

PXP FINANCIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

1. Accounting policies (continued)

Financial assets

Trade and other receivables

Trade receivables are amounts due from customers attributable to activities relating to the acquiring and aggregation of transactions performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Payment services provider balances are funds waiting to settle in regards to the acquiring and aggregation of transactions and represent the balances awaiting to be received by PXP Financial on behalf of its merchants. Other trade and other receivables consist of security deposits and receivables from merchants in respect of gross settlement arrangements. Trade and other receivables are measured at fair value.

Cash and cash equivalents

Cash held at bank consists of the company's funds generated through trading activities and funds held on behalf of merchants that have been settled by the card schemes or other payment providers to the company, but have yet to be settled to the merchant. There is a corresponding merchant payable or intercompany payable balance for all cash balances held on behalf of merchants.

Financial liabilities

Trade and other payables

Trade and other payables are generated through the normal means of trading and are recognised on the accruals basis. All suppliers terms and credit periods are adhered to by the company. Merchant payables consist of funds which are due to be paid to merchants once the settlement process has been completed. Other payables shows balances which are due to be paid on behalf of employee related creditors.

Trade payables are measured at fair value.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid out. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

Deferred consideration

The company will receive a deferred cash payment in the future. This is recorded as a current asset within the balance sheet with accrued interest is released to the profit and loss account on a monthly basis. The deferred consideration is measured at amortised cost.

1. Revenue

An analysis of net revenue by geographical location is given below:

	2018 €	2017 €
Sales - UK	6,764,648	4,559,622
Sales - Europe	31,070,506	23,154,621
Sales - Rest of world	348,120	316,584
	<u>38,183,274</u>	<u>28,030,827</u>

All revenue is derived from continued operations and relates to the rendering of services.

Assets and liabilities related to contracts with customers

The company has recognised the following assets (no liabilities at year end) related to contracts with customers:

	2018 €	2017 €
Total contract assets	937,191	422,630

The increase in the total contract assets from prior year is associated with the increase in contract revenue which is highlighted in the increased revenue from prior year.

PXP FINANCIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

2. Profit from operating activities

Profit from operating activities is stated after charging:

	2018 €	2017 €
Auditor's remuneration - The audit of the company's annual accounts	42,997	22,132
Exchange losses / (gains)	1,322,277	2,539,408
Amortisation	458,978	4,753
Salaries and wages	237,571	1,038,284
Other personnel costs	-	11,985

3. Particulars of employees

The average number of persons employed by the company (including directors during the year, analysed by category was as follows;

	2018 No.	2017 No.
Finance	1	2
Compliance and Risk	2	1
	<u>3</u>	<u>3</u>
	2018 €	2017 €
Wages and salaries	202,698	790,356
Social security costs	26,355	247,230
Staff pensions	8,518	698
	<u>237,571</u>	<u>1,038,284</u>

4. Director's remuneration

	2018 €	2017 €
Remuneration (including benefits in kind)	74,092	7,051

There were company pension contributions made during the year of €1,497 (2017: €-)

5. Finance income

	2018 €	2017 €
Bank interest received	9,208	1

6. Finance expense

	2018 €	2017 €
Bank interest and similar charges	78,608	5,232

PXP FINANCIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

7. Taxation

Analysis of tax charge in the year

	2018 €	2017 €
Current tax		
UK corporation tax charge on profit for the year	-	-
Prior year difference	55,798	(421,060)
	<u>55,798</u>	<u>(421,060)</u>
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Total Tax	<u><u>55,798</u></u>	<u><u>(421,060)</u></u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK at 19% (2017: 19.25%)

The differences are reconciled below:

	2018 €	2017 €
Loss / Profit on ordinary activities before tax	<u>(2,782,283)</u>	<u>(91,478)</u>
Tax on profit on ordinary activities as standard CT rate of 19% (2017: 19.25%)	(528,634)	(18,296)
Effects of:		
Expenses not deductible for tax purposes	-	316
Fixed asset differences	8,552	-
Group relief surrendered / claimed	520,082	17,980
Prior year timing difference	55,798	(421,060)
Tax effect of prior year adjustment	-	-
	<u>55,798</u>	<u>(421,060)</u>
Tax charge for the period	<u><u>55,798</u></u>	<u><u>(421,060)</u></u>
Deferred tax reconciliation		
	2018 €	2017 €
As at 1 January	-	53,844
Tax effect of prior year adjustment	-	(53,844)
	<u>-</u>	<u>-</u>
As at 31 December	<u><u>-</u></u>	<u><u>-</u></u>

The income tax expense above is calculated using the corporation tax rate of 19% (2017: 19.25%) payable by corporate entities on taxable profits under tax law in that jurisdiction.

PXP FINANCIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

8. Intangible assets

	Software Licences €	Total €
Cost		
At 1 January 2018	-	-
Additions	1,388,726	1,388,726
At 31 December 2018	1,388,726	1,388,726
Amortisation		
At 1 January 2018	-	-
Charge for the year	(458,978)	(458,978)
At 31 December 2018	(458,978)	(458,978)
Net book value		
At 31 December 2018	929,748	929,748
At 31 December 2017	-	-

9. Investments

	Investment in subsidiaries €	Total €
At 1 January 2018	11	11
At 31 December 2018	11	11

Company name	PXP Financial Inc
Country of incorporation	United States of America
Date Incorporated	25 April 2013
Registered address	140 Broadway, 46th Floor, New York, NY 10005, USA
Percentage of Ownership	100%
Principal Activity	Provision of gateway services

10. Trade and other receivables

	2018 €	2017 € Restated
Payment service providers	55,797,456	51,744,515
Amounts owed by group undertakings	5,432,892	4,160,741
Trade debtors	708,667	1,037,046
Deferred consideration	682,681	657,638
Corporation tax	106,210	-
Other debtors	4,511,711	3,490,879
	67,239,617	61,090,819

As part of the Visa Europe Limited share sale the company was informed that a deferred cash payment of €692,829

PXP FINANCIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

11. Cash and cash equivalents

	2018 €	2017 €
Cash held for settlement to merchants	63,513,936	24,566,878
Cash generated through trading activities	109,017	335,372
	<u>63,622,953</u>	<u>24,902,250</u>

12. Trade and other payables

Amounts falling due within one year

	2018 €	2017 €
Merchant payables	117,128,186	68,587,141
Amounts owed to group undertakings	1,729,412	1,904,543
Trade payables	509,626	-
Other taxes and social security	116,120	141,631
Other payables	1,772,163	-
Other loans	451,570	-
Accruals and deferred income	850,816	3,757,403
	<u>122,557,893</u>	<u>74,390,718</u>

13. Trade and other payables

Amounts falling due after one year

	2018 €	2017 €
Other loans	470,155	-
	<u>470,155</u>	<u>-</u>

14. Share capital

Allotted, called up and fully paid shares

	2018 €	2017 €
810,467 Ordinary shares of €1.1738 each	951,326	951,326
	<u>951,326</u>	<u>951,326</u>

15. Retained earnings

	2018 €	2017 € (Restated)
At beginning of the year	10,773,844	15,795,784
(Loss)/Profit for the year	(2,838,081)	856,526
Dividend paid	-	(5,842,767)
Conversion FX adjustment	-	(35,699)
At 31 December	<u>7,935,763</u>	<u>10,773,844</u>

PXP FINANCIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

16. Commitments

The company had no annual commitments in 2018 (2017: nil).

17. Related party transactions

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

18. Prior period adjustment

During the year a detailed review was undertaken of aged balances recorded within the balance sheet. This review identified a number of historic receivables dating back as far as 2013, prior to the acquisition by Senjo, which in the opinion of the Directors there is no likely prospect of directly recovering the amounts due at any point in the future. Therefore an adjustment to write-off these balances to the value of €771,917 has been recorded. As these pre dated 2017 a prior year adjustment has been made against 2017 opening reserves, to reflect the earlier years income statement impact, and to the payment service provider balance within receivables.

19. Ultimate parent undertaking and controlling party

The ultimate holding company is Senjō Group Pte. Ltd. Incorporated in Singapore. The company's immediate holding company is PXP Financial Group Limited.

The accounts of Senjō Group Pte. Ltd are available to the public and may be obtained at 410 North Bridge Road, 188726, Singapore.