ClickandBuy International Limited

Registered in England and Wales
No. 5661160

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 December 2013

ClickandBuy International Limited

Strategic Report

The directors present their strategic report on the Company for the year ended 31 December 2013

Review of the business

In 2012 ClickandBuy entered into a Contract with MasterCard, Belgium, to issue prepaid cards Additionally the Company concluded an agreement with Wirecard Card Solutions Ltd regarding setup, processing and support services regarding the issuing of prepaid cards The first programme, under the "T" brand of Deutsche Telekom, has been launched in February 2014

Furthermore ClickandBuy is offering NFC enabled Point-Of-Sale terminals since March 2013

The Company provides the BU Payment with online payment products and services as an integral part of the BU Payment

The company is operating a strict cost saving and monitoring program

Principal Risks and Uncertainties

The principal risks associated with the business are certain types of attempted fraud and potential breaches of data security Fraud and Money Laundering risk is mitigated by dedicated anti-fraud and anti-money laundering (AML) departments utilising highly skilled and experienced fraud managers, fraud detection technologies and AML professionals

Some of these technologies have been developed in-house by ClickandBuy, while others have been sourced externally Data integrity is maintained through independent auditing of the Company's IT policies and procedures – including its physical locations, as well as industry standard certification such as Level-1 PCI-DSS As would be expected from a secure online payments organisation, ClickandBuy also makes use of secure internet connections and encryption technologies wherever necessary to protect information which is stored on and passed to or from its systems Another addition to the portfolio has been the implementation of daily 3rd party scanning of the ClickandBuy environment

The Company's financial risk management is supported by the central risk management function of the Deutsche Telekom Group

The primary financial risks and uncertainties affecting the Company are considered to be as follows

Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Company does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost

Principal Risks and Uncertainties (continued)

Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations

Market risk

The majority of market risks arise as a result of foreign exchange rates The Company's income is exposed to movements in the foreign exchange rate on balances held with banks to fund the transactions between internet merchants and end user customers

Further detail on financial risks is provided within note 25

Furthermore, capital requirements exist for the Company as a regulated e-money issuer within the United Kingdom The Company's capital position is reported to its regulator on a regular basis

ClickandBuy is required to fully safeguard e-money deposits, which have to be reported to the FCA regularly

Further detail on capital risks is provided within note 24

Results and dividends

The operating loss for the period amounted to EUR 7,151,467 (EUR 11,568,789 loss for the 12 month period from 1 January to 31 December 2012) with an equity in the amount of EUR 9,177,595 (EUR 16,474,025 as of 31 December 2012)

The Directors do not recommend the payment of a dividend (2012 EUR nil)

KPI's for the years presented in the financial statements were as follows

	31 December 2013	31 December 2012
Gross (Loss)	EUR (4,599,147)	EUR (4,386,658)
Average Payment Costs	0,62%	1,25%

On behalf of the Board

Paul Anthony Marcantonio

31 March 2014

Report of the Directors

The Directors submit their report together with the audited Financial Statements for the year ended 31 December 2013 The comparatives are for the 12-month period from 1 January to 31 December 2012

Activities

ClickandBuy International Limited (the "Company"), incorporated 22 December 2005, is a Financial Conduct Authority ("FCA") licensed electronic money ("e-money") institution The Company was granted its licence to issue e-money by the FSA in the United Kingdom on 29 November 2006 The Company currently passports its services into all 29 other EEA states under the rules governing Cross Border Services Due to a change in the European regulatory framework, on 1 July 2011 the Company grandfathered its electronic money licensing under the Electronic Money Regulations 2011, resulting in a change of registered number and the ability to increase its range of regulated payment and non-payment related services Subject to legal and risk-based restrictions, where permitted, e-money is issued into an electronic wallet which may be subsequently used by individuals for purchase of goods, digital content or services

By accepting payments through ClickandBuy, merchants can offer different payment methods to customers across Europe on a single contract and system In addition to this, there are multiple currency capabilities, language support and local payments knowledge, which means that ClickandBuy represents a combination of global reach and local capability in the world of internet payments

ClickandBuy International Limited is a 100 % subsidiary of ClickandBuy Holding GmbH (CBH), Darmstadt, Germany, incorporated in the commercial register of the district court (Amtsgericht) of Darmstadt under No HRB 85036, CBH in turn is a 100% subsidiary of Deutsche Telekom AG (DTAG)

DTAG is one of the largest providers of telecommunications and broadband services in Europe, and has identified potential synergies between its current operations and those offered by ClickandBuy

With its expertise in payments and electronic money, ClickandBuy forms part of the Deutsche Telekom division known as Business Unit Payment (BU Payment)

The Company implemented ICS (Internal Control System) management in 2011 according to the ICS Principles of Deutsche Telekom Group, as required by the Accounting Law Modernisation Act and the Stock Corporation Act These German Acts are relevant to the Deutsche Telekom Group According to the 2013 ICS management requirements of the Deutsche Telekom Group the company updated its ICS management

Activities (continued)

The ICS management ensures that the Business Unit

- has implemented sufficient basic standards (ICS Principles)
- if applicable has addressed the centrally identified process and risk focuses
- the ICS has been fully documented and tested for the effectiveness in accordance with the requirements of the Deutsche Telekom Group
- identified control weaknesses have been evaluated, particularly with respect to their impact on financial reporting, and corrective measures have been defined

Creditors payment policy

The Company follows the global procurement guidelines of the Deutsche Telekom Group for its procurement activities

Payables are mainly due to merchants, who accept payments through ClickandBuy for internet–based purchases by their customers

Terms of payment with merchants are settled individually under the framework of the Company's GTC's (General Terms and Conditions)

Directors and their interests

The Directors who served throughout the year, except as noted, were

- Mr Nicholas Drew (until 31 July 2013)
- Mr Ulrich Keudel
- Mr Paul Anthony Marcantonio (from 1 February 2013)
- Mr Jesper Hjortholm (from 16 October 2013)

No director had a material interest in any contract of significance to which the Company was a party

Directors' responsibilities statement

The Directors are responsible for preparing 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 International Financial Reporting Standards ("IFRSs") as adopted by the European Union 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

Directors' responsibilities statement (continued)

In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable IFRSs, as adopted by the European Union, have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

Charitable and political Contributions

During 2013 the Company did not contribute any donations to charitable organisations (2012 nil) nor to political organisations (2012 nil)

Statement of going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements The Company's objectives, policies and processes for managing its capital are described in note 24 to the financial statements

Details of the Company's financial risk management objectives, its financial instruments and hedging activities, and its exposures to credit risk, market risk and liquidity risk are set out in note 25 to the financial statements

The positive equity position of EUR 16,474,025 as at 31 December 2012 has decreased by EUR 7,296,430 to EUR 9,177,595 reflecting the total comprehensive loss incurred in 2013 The Company's capital position is reported to its Regulator on a regular basis

Based upon the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence with the support of Deutsche Telekom AG for the foreseeable future Accordingly they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements

Post Balance Sheet events

In its meeting as of 6 March 2014 the board of directors has resolved to issue 1 new share at a par value of GBP 1 for a consideration of GBP 6,000,000 to its sole shareholder ClickandBuy Holding GmbH in accordance with said parent company's application letter dated as of the same day

The Company has received the subscription amount of GBP 6,000,000 on 25 March 2014, which equals an injection of share capital of EUR 7,181,329

Otherwise there have been no events subsequent to 31 December 2013 that require disclosure in the financial statements

Statement on Disclosure of information to Auditors

In accordance with Companies Act requirements, all Directors in office, as at the date of this report, have confirmed so far as they are aware there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all reasonable steps necessary in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

On behalf of the Board

Paul Anthony Marcantonio

31 March 2014

ClickandBuy International Limited

Registered Office Address
ClickandBuy International Limited
6-9 Cynthia Street
London, N1 9JF

For reasons related to the calculations, rounding differences amounting to +/- one unit (EUR, % etc) may occur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLICKANDBUY INTERNATIONAL LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements for the year ended 31 December 2013, which are prepared by ClickandBuy International Limited, comprise the statement of financial position as at 31 December 2013, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)) An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Report and Financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the business review and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept, 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

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Mark Allsop (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

1st April 2014

Statement of Comprehensive Income
For the year ended 31 December 2013

	Note	Year ended 31 December 2013 EUR	Year ended 31 December 2012 EUR
Revenue	4	11,013,244	14,808,351
Cost of Sales		(15,612,391)	(19,195,009)
Gross loss		**(4,599,147)**	**(4,386,658)**
Operating income (expenses)	7	1,274,578	(3,326,588)
Administrative expenses		(3,761,097)	(3,939,205)
(Loss) Profit on foreign exchange		(65,801)	83,662
Operating loss		**(7,151,467)**	**(11,568,789)**
Interest income	8	1,253	21,967
Interest expense	8	(146,185)	(49,745)
Financial loss		**(144,932)**	**(27,778)**
Loss before tax	9	**(7,296,399)**	**(11,596,567)**
Tax	10	(31)	-
Profit (Loss) attributable to equity shareholders		**(7,296,430)**	**(11,596,567)**
Other comprehensive income		-	-
Total comprehensive loss	20	**(7,296,430)**	**(11,596,567)**

The Total comprehensive loss for the year arises from the Company's continuing operations

Statement of Changes in Equity
For the year ended 31 December 2013

	Share Capital and Share Premium Reserves EUR	Accumulated Losses EUR	Total Equity EUR
At 1 January 2013	59,521,706	(43,047,680)	16,474,025
Total comprehensive loss for the year	-	(7,296,430)	(7,296,430)
At 31 December 2013	**59,521,706**	**(50,344,110)**	**9,177,595**

Statement of Financial Position
As at 31 December 2013

	Note	31 December 2013 EUR	31 December 2012 EUR
Non-current assets			
Intangible assets	12	272,522	3,465
Property, plant and equipment	13	692,537	875,704
Total non-current assets		**965,059**	**879,169**
Current assets			
Receivables and other assets	14	22,322,322	33,768,250
Cash	15	4,739,697	6,691,542
Total current assets		**27,062,019**	**40,459,792**
Current Liabilities			
Trade and other payables	16	(16,636,770)	(22,149,478)
Other accruals	17	(2,212,713)	(2,715,458)
Total current liabilities		**(18,849,483)**	**(24,864,936)**
Net current assets		**8,212,536**	**15,594,856**
Net assets		**9,177,595**	**16,474,025**
Equity			
Share capital	19	1,858,329	1,858,329
Share premium reserves		57,663,376	57,663,376
Accumulated Losses	20	(50,344,110)	(43,047,680)
Total equity attributable to owners of the Company		**9,177,595**	**16,474,025**

The notes beginning on page 12 to 39 form part of these financial statements

The Financial Statements for ClickandBuy International Limited (Company No 5661160) were approved by the board of Directors and authorised for issue on 31 March 2014 They were signed on its behalf by

Director

Paul Anthony Marcantonio

ClickandBuy International Limited

Cash Flow Statement
For the year ended 31 December 2013

	Note	31 December 2013 EUR	31 December 2012 EUR
Net cash used in operating activities	21	**(15,796,107)**	**(10,677,831)**
Investing activities			
Purchase of intangible assets		(270,100)	-
Purchase of tangible assets		(88,882)	(377,537)
Net cash used in investing activities		**(358,982)**	**(377,537)**
Financing activities			
Balance of interest paid		(144,932)	(27,778)
Issue of ordinary share capital and capital reserves		-	22,409,299
Decrease of loans payable		-	(1,544,506)
Foreign exchange valuation effect		-	(17,189)
Net cash flow from financing activities		**(144,932)**	**20,819,826**
Non-cash change in disclosure of restricted cash		-	7,704,457
Net (decrease) / increase in cash		**(16,300,021)**	**17,468,915**
Cash / Cash equivalents at the beginning of the year	15	35,039,788	17,570,873
Cash / Cash equivalents at the end of the year	15	**18,739,767**	**35,039,788**

Notes to the Financial Statements for the year ended 31 December 2013

1. Accounting Policies

The principal accounting policies applied in the preparation of the Financial Statements are set out below These policies have been consistently applied throughout the period, unless otherwise stated

Basis of preparation

The Financial Statements comprising the 12-month-period from 1 January to 31 December 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union that are effective at the Company's reporting date The Company, in addition to complying with its legal obligation to comply with IFRSs as adopted for use in the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board The Financial Statements have been prepared under the historical cost convention on the going concern basis and in accordance with the companies act 2006 as applicable to companies using IFRS and IFRIC interpretations

2. Application of new and revised International Financial Reporting Standards

All new and amended standards and interpretations published by the IASB and IFRIC are applied in preparing the Financial Statements, provided they are required to be applied for annual periods beginning on or after 1 January 2013 within the European Union

In 2013, adoption of the following new interpretations and amendments to existing standards and interpretations is mandatory

- IFRS 10 "Consolidated financial statements"
  - effective for annuals beginning on or after 1 January 2013
- IFRS 11 "Joint arrangements"
  - effective for annuals beginning on or after 1 January 2013
- IFRS 12 "Disclosures of interests in other entities"
  - effective for annuals beginning on or after 1 January 2013
- IFRS 13 "Fair value measurement"
  - effective for annuals beginning on or after 1 January 2013
- IAS 27 (revised 2011) "Separate financial statements"
  - effective for annuals beginning on or after 1 January 2013
- IAS 28 (revised 2011) "Associates and joint ventures"
  - effective for annuals beginning on or after 1 January 2013
- IFRIC 20 "Stripping costs in the production phase of a surface mine"
  - effective for annuals beginning on or after 1 January 2013

- Amendment to IAS 1, "Financial statement presentation"
  - regarding other comprehensive income
  - effective for annuals beginning on or after 1 July 2012
- Amendment to IAS 19, "Employee benefits"
  - eliminating the corridor approach
  - effective for annuals beginning on or after 1 January 2013
- Amendment to IFRS 1, "First time adoption"
  - on government loans
  - effective for annuals beginning on or after 1 January 2013
- Amendment to IFRS 7, "Financial instruments Disclosures"
  - on asset and liability offsetting
  - effective for annuals beginning on or after 1 January 2013
- Amendment to IFRSs 10, 11 and 12
  - on transition guidance
  - effective for annuals beginning on or after 1 January 2013

Additionally improvements to IFRSs 2011 are applicable relating to the following standards and interpretations for business years beginning on or after 1 January 2013

- IFRS 1 – "First time adoption"
- IAS 1 "Financial statement presentation"
- IAS 16 – "Property plant and equipment"
- IAS 32 - "Financial instruments, Presentation"
- IAS 34 – "Interim financial reporting"

However, the adoption of the interpretations and amendments to standards stated above has no material effect on the financial statements of the Company as at 31 December 2013

The following standards and amendments to standards are not yet effective for the year ended 31 December 2013, and have not been applied in preparing these financial statements

- Amendment to IAS 32, "Financial instruments" Presentation"
  - on asset and liability offsetting
  - effective for annuals beginning on or after 1 January 2014
- Amendments to IFRS 10, 12 and IAS 27
  - on consolidation for investment entities
  - effective for annuals beginning on or after 1 January 2014
- Amendment to IAS 36, "Impairment of assets"
  - on recoverable amount disclosures
  - effective for annuals beginning on or after 1 January 2014
- Amendment to IAS 39, "Novation of derivatives"
  - effective for annuals beginning on or after 1 January 2014
- IFRIC 21, "Levies"
  - effective for annuals beginning on or after 1 January 2014

- IFRS 9, "Financial instruments"
  - effective date for annual periods beginning on or after 1 January 2015 not mandatory, effective date left open as it is pending on the finalisation of the impairment and classification and measurement requirements

The future application of these standards and interpretations is unlikely to have any material effect on the net asset position, cash flows or profitability of the Company

3. Significant Accounting Policies

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes

Revenue with end-users is recognised as the service is rendered, while revenue with merchants is recognised at the end of the agreed billing period and when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of revenue can be reliably measured

ClickandBuy recognises interest income related to its deposit taking activities as an electronic money institution as operational revenues The underlying operational funds are either received by end-users who hold credit balances with ClickandBuy or reflect upon the timing differences between funds received from end-users and their transfer to merchants

Interest

Since the interest income related to both kinds of balances comprises revenues reflecting the e-money storage operations that are central to the business model of ClickandBuy, it is recognised as sales revenue, and related interest expenses under cost of sales, while interest income and expenses gained or expended regarding non-operational or financial funds is recognised within the financial result

Intangible assets

<u>Intangible assets acquired separately</u>
Intangible assets are recognised if they arise from contracted or other legal rights or if they are capable of being separated or divided from the Company and sold, transferred, licensed, rented or exchanged The value of such intangible assets is amortised on a straight line basis over the useful economic life of the assets in question as follows

- Software over 3 to 5 years
- Customer Rights over 5 years

Expenditure on research activities is recognised as an expense in the period in which it is incurred

Internally-generated intangible assets – research and development expenditure

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits,
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to reliably measure the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred

Property, plant and equipment

Assets are stated at cost less depreciation

Costs include expenditure that is directly attributable to the acquisition and installation of the items

Depreciation is provided on all tangible fixed assets at a rate calculated to write off the cost or valuation, less the estimated residual values of each asset on a straight line basis over their expected useful lives as follows

- Data Centres over 5 to 7 years
- Fixtures over 3 to 5 years
- Hardware over 3 to 7 years
- Office equipment over 4 to 5 years

Financial Assets

The Company classifies its financial assets as loans and receivables Management determines the classification of its investments at initial recognition, loans and receivables are non-derivative financial assets with fixed or determinable payments and which are not classified as available for sale They arise when the entity provides money or services directly to a customer with no intention of trading the loan Loans and receivables are initially recognised at fair value including direct and incremental transaction costs They are subsequently valued at amortised cost, using the effective interest method They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all of the risks and rewards of ownership

At each balance sheet date, the Company assess whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets classified as available for sale or loans and receivables have become impaired Evidence of impairment may include indications that the borrower or group of borrowers have defaulted or are experiencing significant financial difficulty

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand Accrued interest is disclosed as part of the year-end balance

Financial liabilities

Financial liabilities are initially recognised when the entity becomes contractually bound to transfer economic benefits in the future and are measured at amortised cost Financial liabilities are only derecognised once the liability has been extinguished A liability is only extinguished when either the liability is discharged by payment, or there is a legal release (by law or by the creditor)

Provisions

Provisions are liabilities where the amount or timing of future expenditure is uncertain Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation If the time value of money is material, provisions are discounted to their present value

Taxation

Current tax is the expected net tax payable arising in the current year on the current year's net profits, using tax rates enacted or substantively enacted at the balance sheet date

Deferred tax is the expected net tax payable on the current year's net profits arising in a future year, using tax rates enacted or substantively enacted at the balance sheet date that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled

Full provision is made for deferred taxation on all taxable temporary differences Deferred tax assets and liabilities are recognised separately on the balance sheet Deferred tax assets are recognised only to the extent that they are expected to be recoverable

The Company has achieved losses in both 2012 and 2013 so that no corporation tax has been incurred in 2012 or 2013

Due to the unprofitable years the Company has not recognised a deferred tax asset as of 31 December 2012 or 2013

Retirement benefits

The Company operates a defined contribution scheme for UK-based employees The amount charged to the profit and loss account equals the contributions accrued and payable in the year

Foreign currencies

The Financial Statements of the Company are presented in Euros, which is the currency of the primary economic environment in which the Company operates (its functional currency)

In preparing the Financial Statements, monetary assets and liabilities denominated in non-functional currencies are translated into Euro at the exchange rates ruling at the balance sheet date

Transactions in currencies other than the functional currency of the Company are translated at the exchange rate ruling at the date of transaction Exchange differences arising on the settlement and on the retranslation of monetary items are included in the income statement for the period

The Company has applied the following exchange rates to sterling in preparing its Financial Statements in Euros

	Financial Statements 31 December 2013	Financial Statements 31 December 2012
	EUR	EUR
GBP		
FX Rate Balance Sheet Date	1 20086	1 22642
Average FX Rate	1 17714	1 23291

Exceptional items

Exceptional items are regarded as significant items of income and expense, which are separately disclosed by virtue of their size, incidence or nature to enable a full understanding of the Company's financial performance Exceptional items include allowances for bad debt

Gearing

Gearing is calculated as the net debt to equity ratio

Net Debt is defined as long-term loans payable less cash and cash equivalents

Equity includes all capital and reserves of the Company attributable to equity holder of the Company

Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements and assumptions about the future, resulting in the use of accounting estimates These will, by definition, seldom equal the related actual results and adjustments will consequently be necessary Estimates are continually evaluated, based on experience and reasonable expectations of future events

Accounting estimates are applied in determining the carrying value of the following assets and liabilities financial assets and liabilities, property, plant and equipment (useful lives), deferred taxation (timing of liabilities and timing and recoverability of assets), allowance for bad debt and provisions (fair value of obligation and discount rate)

Notes to the Financial Statements for the year ended 31 December 2013

4. Revenue

Sales are made up as follows

	Year ended 31 December 2013 EUR	Year ended 31 December 2012 EUR
Commissions and fees	5,061,337	7,408,119
End-user fees	4,254,265	5,173,538
Interest income - customer/operational funds	2,820	14,227
Other revenues	1,694,822	2,212,468
Total Sales	**11,013,244**	**14,808,351**

In the financial year 2013 the Company recorded total sales of EUR 11,013,244 representing a decline of EUR 3,795,107 compared to total sales for 2012 amounting to EUR 14,808,351

The decrease in commissions and fees of EUR 2,346,782 is mainly due to the loss of business in the content and services segment of EUR 1,748,000 mostly due to the reorganisation and refocusing of the Company causing the loss of some merchants The origin of revenues is almost entirely Europe

Other revenue predominantly comprises marketing proceeds of EUR 1,110,600 (in 2012 EUR 1,187,410) resulting from marketing and advertising cooperation agreements with internet merchants and foreign exchange fees of EUR 376,421 (in 2012 EUR 909,308) that are charged both to end-users or merchants for online sales transactions which are carried out in currencies differing from the currency area of the transactions

Interest income is recognised from e-money storage operations either for funds, that are received by end-users who hold credit balances with ClickandBuy or upon the timing differences between funds received from end-users and their transfer to merchants

5 Auditors' Remuneration

	Year ended 31 December 2013 EUR	Year ended 31 December 2012 EUR
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	74,963	74,963

Notes to the Financial Statements for the year ended 31 December 2013

6. Staff costs

The monthly average number of employees was 16 in 2013 (2012 20) working within the following departments

	Average number Of employees 2013 FTE	Average number Of employees 2012 FTE
Administration	8	8
Operations	3	8
Sales/Marketing	3	4
Product Development	2	-
Total	**16**	**20**

The aggregate remuneration comprised

	Year ended 31 December 2013 EUR	Year ended 31 December 2012 EUR
Wages and salaries	911,425	1,185,335
Social Security costs	84,937	119,436
Other pension costs (defined contributions)	41,211	52,259
Total	**1,037,573**	**1,357,030**

The aggregate remuneration received by Directors and borne directly by the Company for the year was EUR 316,781 (2012 EUR 176,714) For detailed remuneration costs see note 23

The remuneration of the highest paid Director was

	Year ended 31 December 2013 EUR	Year ended 31 December 2012 EUR
Short-term benefits	136,769	165,788
Other long-term benefits	4,455	10,926
Total	**141,223**	**176,714**

7. Exceptional items

Operating (income) / expenses include the following exceptional items

	Year ended 31 December 2013 EUR	Year ended 31 December 2012 EUR
Provision (release) for irrecoverable receivables	(1,408,581)	3,107,461
Total	**(1,408,581)**	**3,107,461**

In 2013 the Company released EUR 1,545,619 of the provision of EUR 3,107,461 recognised in 2012 in respect of uncertainties regarding the amount of recoverable receivables owed by its customers following the analysis and reconciliation of the balance of receivables expected to be recoverable and allocated EUR 137,038 in regard of doubtful debit balances with merchant creditors

8. Net financial loss

The item is made up as follows

	Year ended 31 December 2013 EUR	Year ended 31 December 2012 EUR
Other financial income	1,253	21,967
Other financial expenses	(146,185)	(49,745)
Total	**(144,932)**	**(27,778)**

Other financial income excludes interest income and expense related to the Company's activities as an electronic money institution

Other financial interest income comprises EUR 1,253 earned from affiliated companies (EUR 21,967 for the period to 31 December 2012) Other financial expenses include guarantee commission due to affiliated companies of EUR 145,827 (EUR 49,411 for the period to 31 December 2012)

9. Loss before Tax

	Year ended 31 December 2013 EUR	Year ended 31 December 2012 EUR
Loss before tax is stated after charging (crediting)		
Depreciation and amortisation	273,090	322,449
Loss on disposal of tangible fixed assets	2	14,193
Operating lease payments		
- Property	38,566	73,552
Net foreign exchange (gains) losses		
- Loans and receivables	213,050	(83,420)
- Financial liabilities incl loans payable measured at amortised cost	(212,950)	34,222
- Cash and cash equivalents	66,024	(34,464)
Total	**66,124**	**(83,662)**

10. Tax

	Year ended 31 December 2013 EUR	Year ended 31 December 2012 EUR
UK corporation tax – current year	-	-
UK corporation tax – prior year	-	-
Deferred tax income (recognition)	-	-
Deferred tax expense (write-down)	-	-
	-	-

The Company has recognised losses in both 2012 and 2013 so that no corporation tax has been incurred in 2012 and 2013

Long-term deferred tax assets in regard of tax losses carried forward amounting to EUR 9,255,692 as well as short term deferred tax assets regarding bad debt allowances of EUR 278,977 have not been recognised due to the history of losses incurred in fiscal years 2009 through 2013

Notes to the Financial Statements for the year ended 31 December 2013

10. Tax (continued)

In 2013 EUR 31 (2012 EUR nil) of Foreign Withholding Tax on interest in respect of prior years has been derecognised as irrecoverable

	Year ended 31 December 2013 EUR	Year ended 31 December 2012 EUR
UK Corporation Tax	-	-
Current tax on income for the year	-	-
Adjustments in respect of prior years	-	-
Deferred taxation	-	-
Origination and reversal of temporary differences	-	-
Foreign withholding taxes	-	-
Irrecoverable current year withholding tax	-	-
Irrecoverable foreign withholding tax in respect of prior years	31	-
Total	**31**	**-**

The accumulated amount of unrecognised deferred tax assets as at 31 December 2013 equals EUR 9,534,669 whereas the expiry date of unrecognised deferred tax is indefinite

Corporation tax is calculated at 23 25% (prior period 24 50%) of the estimated assessable profit of the year

The Finance Act 2013 reduced the main rate of Corporate Tax to 23% from 1 April 2013 The Finance Bill 2014 plans to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014

The charge for the year can be reconciled to the profit per the income statement as follows

	Year ended 31 December 2013 EUR	Year ended 31 December 2012 EUR
Loss before tax	**(7,296,399)**	**(11,596,567)**
Corporate income tax rate applied	23,25%	24,50%
Corporation income tax calculated	(1,696,413)	(2,841,159)
Effect of expenses that are not deductible in determining income	26,550	33,821
Effect of unused tax losses and other temporary differences not recognised as deferred tax assets	1,669,863	2,807,337
Total	**-**	**-**

11 Deferred tax asset

	Year ended 31 December 2013 EUR	Year ended 31 December 2012 EUR
Deferred tax assets - long-term	-	-
Deferred tax assets - short-term	-	-
Deferred tax assets at the end of the year	**-**	**-**

Long-term deferred tax assets in regard of tax losses carried forward amounting to EUR 9,255,692 as well as short term deferred tax assets regarding bad debt allowances of EUR 278,977 have not been recognised due to the history of losses incurred in fiscal years 2009 through 2013

12. Intangible assets

Intangible assets moved in 2013 are as follows

	Customer rights EUR	Other intangibles EUR	Total EUR
Cost			
At 1 January 2013	930,000	39,261	969,261
Additions	-	270,100	270,100
Asset disposal	-	(31,971)	(31,971)
Reclassifications	-	-	-
at 31 December 2013	930,000	277,390	1,207,390
Amortisation			
At 1 January 2013	(930,000)	(35,796)	(965,796)
Charge for the year	-	(1,043)	(1,043)
Asset disposal - Amortisation	-	31,971	31,971
Reclassifications	-	-	-
at 31 December 2013	(930,000)	(4,868)	(934,868)
Net book value			
At 31 December 2012	**-**	**3,465**	**3,465**
At 31 December 2013	**-**	**272,522**	**272,522**

Customer Rights stated above have been acquired in December 2006 from an affiliated company and constitute agreements with merchants regarding the provision of internet payment services The agreements have no pre-determined expiry date
Their useful life has been estimated to be 5 years and ended at 30 November 2011

12. Intangible assets (continued)

None of the above stated intangible assets are internally generated

In 2013 an obsolete intangible that had been fully amortised in prior years comprising cost and accumulated amortisation of EUR 31,971 has been disposed of and written out

13. Property, plant and equipment

Tangible assets changed in 2013 as follows

	Data Centres EUR	Office Equipment EUR	Hardware EUR	Fixtures EUR	Total EUR
Cost					
At 1 January 2013	1,412,479	19,331	25,549	30,678	1,488,037
Additions	65,996	4,006	8,314	10,566	88,882
Asset disposal	-	-	(1,746)	-	(1,746)
at 31 December 2013	1,478,475	23,337	32,117	41,244	1,575,173
Amortisation					
At 1 January 2013	(575,084)	(11,426)	(21,319)	(4,504)	(612,333)
Charge for the year	(253,544)	(1,443)	(3,765)	(13,295)	(272,047)
Asset disposal - Amortisation	-	-	1,744	-	1,744
at 31 December 2013	(828,628)	(12,869)	(23,341)	(17,799)	(882,637)
Net book value					
At 31 December 2012	**837,395**	**7,905**	**4,230**	**26,174**	**875,704**
At 31 December 2013	**649,847**	**10,468**	**8,777**	**23,445**	**692,537**

In 2013 additions to tangible assets of EUR 88,882 in total focused on investments in the data centres of the Company in Derby and Manchester of EUR 65,996

14. Receivables and other assets

	31 December 2013 EUR	31 December 2012 EUR
Trade receivables	8,693,172	7,896,704
Allowance for doubtful debts	(1,988,981)	(3,561,355)
Subtotal	6,704,191	4,335,349
Receivables due from affiliated companies	14,017,687	28,348,246
Other assets	1,600,445	1,084,655
Subtotal	15,618,132	29,432,901
Total	**22,322,323**	**33,768,250**

The allowance for doubtful debts includes the balance of EUR 1,561,842 regarding the impairment in accounts receivable of EUR 3,107,461 recognised in connection with doubtful accounts as an exceptional item in 2012 - see note 7

The remaining trade and other receivables are expected to be fully recovered as there is no recent history of default or any indications that the debtors will not meet their payment obligations At the year end, there are no receivables (2012 none) whose terms have been renegotiated and would otherwise be past due or impaired

The Company's maximum exposure to credit risk is the fair value of its receivables and other assets which is equal to the carrying value given the short term of the items

Receivables due from affiliated companies include EUR 14,000,070 in 31-33 days money-market loans (2012 EUR 28,348,246) that comprise cash equivalents, see note 15

See note 18 for further information on current amounts owed by group companies and note 25 for the Company's exposure to foreign exchange risk

Notes to the Financial Statements for the year ended 31 December 2013

15. Cash and Cash equivalents

	31 December 2013 EUR	31 December 2012 EUR
Cash at bank and in hand	4,739,697	6,691,541
Cash equivalents - Money market loans to ultimate parent company	14,000,070	28,348,246
Total cash and cash equivalents	**18,739,767**	**35,039,788**
thereof included in receivables from affiliated companies	(14,000,070)	(28,348,246)
Total cash displayed in statement of financial position	**4,739,697**	**6,691,542**

Cash equivalents, comprising 31-33 days money-market loans of EUR 14,000,070 as of 31 December 2013 (EUR 28,348,246 as of 31 December 2012) to the treasury of Deutsche Telekom AG, the ultimate parent company of ClickandBuy International Limited, as an element of the group's cash management, have been displayed under receivables from affiliated companies in the financial statements

Cash at bank and in hand at the year-end is mainly denominated in EUR (EUR 3,453,168 as of 31 December 2013 and EUR 5,053,731 as of 31 December 2012 respectively) Due to the business as an e-money provider, that acts globally, smaller amounts are denominated in GBP, USD, CHF, DKK, CAD, AUD and NOK

16. Trade and other payables

	31 December 2013 EUR	31 December 2012 EUR
Trade payables	14,607,750	19,700,022
Payables due to affiliated companies	1,427,734	2,205,852
Other liabilities	601,286	243,604
Total	**16,636,770**	**22,149,478**

17. Other accruals

Other accruals comprise of

	31 December 2013 EUR	31 December 2012 EUR
Sundry Accruals	1,324,045	1,621,436
Penalties / termination charges	327,118	405,000
VAT	238,494	307,016
Audit & tax consulting fees	147,463	92,963
Staff bonuses and holiday allowance	127,905	174,778
Payment guarantee	1,298	62,775
Other accruals	46,391	51,491
Total	**2,212,713**	**2,715,458**

Other accruals comprise in particular sundry accrued liabilities of EUR 1,324,045 in 2013 (2012 EUR 1,621,436) mainly relating to outstanding settlements by payment service providers, provisions of EUR 327,118 in 2013 (2012 EUR 405,000) for penalties / termination charges relating to projects that are not expected to be completed, and input VAT likely to be irrecoverable due to the partial exemption rule amounting to EUR 238,494 in 2013 (2012 307,016)

The residual other accruals primarily contain a provision of EUR 46,391 in 2013 (2012 EUR 46,391) for reconstruction after the conclusion of a property lease

Notes to the Financial Statements for the year ended 31 December 2013

18 Related party transactions

The following schedules show the balances due from and to related parties as of 31 December 2013 and 2012

Amounts due from Group Companies	31 December 2013 EUR	31 December 2012 EUR
Loans to Deutsche Telekom AG	14,000,070	28,348,246
Subtotal	**14,000,070**	**28,348,246**
Intercompany Accounts	**EUR**	**EUR**
Deutsche Telekom AG	17,348	-
Firstgate Holding AG	218	-
Scout24 Holding GmbH	50	-
Subtotal	**17,617**	**-**
Total	**14,017,687**	**28,348,246**

Current amounts owed by group companies are unsecured, interest free and repayable on demand

The loans to Deutsche Telekom AG of EUR 14,000,070 (EUR 14,000,000 principal and EUR 70 accrued interest) in 2013 (2012 EUR 28,348,246, thereof EUR 28,347,721 principal and EUR 525 accrued interest) comprise three 31-33 days renewable money-market loans, currently earning interest at up to 0 0206%

Amounts due to Group Companies	31 December 2013 EUR	31 December 2012 EUR
Intercompany Accounts		
CBS GmbH	(1,212,623)	(1,823,674)
Deutsche Telekom AG	(143,168)	(303,033)
Firstgate Holding AG	(61,280)	(61,768)
Friendscout 24 GmbH	(10,663)	(8,784)
Autoscout Deutschland 24 GmbH	-	(4,828)
ClickandBuy Holding GmbH	-	(1,731)
Telekom Deutschland GmbH	-	(1,387)
Scout24 Holding GmbH	-	(646)
Total	**(1,427,734)**	**(2,205,852)**

Current amounts due to group companies are interest free and payable on demand The total of EUR 1,427,734 in 2013 (2012 EUR 2,205,852) predominantly consists of EUR 1,212,623 (2012 EUR 1,823,674) relating to shared services supplied to the Company by CBS GmbH

Accumulated interest charged by and not yet paid to Firstgate Holding AG, Zug/Switzerland, amounts to EUR 61,280

Notes to the Financial Statements for the year ended 31 December 2013

18. Related party transactions (continued)

Amounts recognised for significant transactions with related parties for services rendered and received are as follows

Sales to Group Companies	31 December 2013 EUR	31 December 2012 EUR
Deutsche Telekom AG	17,348	55,969
Autoscout 24 Deutschland GmbH	-	8,039
Friendscout 24 GmbH	-	3,193
Telekom Deutschland GmbH	-	3,110
CBS GmbH	-	1,107
Scout24 Holding GmbH	-	262
Total	**17,348**	**71,680**

Interest Income due from Group Companies		
Deutsche Telekom AG	1,253	21,967
Total	**1,253**	**21,967**

Interest and similar expenses due to Group Companies		
Deutsche Telekom AG	145,827	-
Firstgate Holding AG	-	47,673
ClickandBuy Holding GmbH	-	1,738
Total	**145,827**	**49,411**

Services received from Group Companies		
CBS GmbH	11,591,332	13,572,239
Deutsche Telekom Inc	215,168	424,510
Deutsche Telekom AG	10,462	1,444
T-Mobile (UK) Limited	8,693	12,078
Total	**11,825,654**	**14,010,270**

ClickandBuy International Limited has material intercompany transactions from received services, due to the organisational structure of the ClickandBuy group

The Company has entered into long-term service agreements with the above stated service providing affiliated companies, which ensure the receipt of several pre-defined services against a cost-plus charge

CBS GmbH has charged ClickandBuy International Limited for Maintenance Services (EUR 1,000,901), IT Operating (EUR 3,571,946), Customer Care (EUR 3,088,498) and Marketing Consulting Services (EUR 3,087,705) during the year

Additionally current commissions were billed by CBS GmbH (EUR 838,143, thereof EUR 628,608 relating to software licences and EUR 209,536 relating to trademarks) in 2013

19. Share Capital

	Year ended 31 December 2013	Year ended 31 December 2012
Authorised shares	**Shares**	**Shares**
At the beginning of the period	1,301,006	1,301,002
Ordinary shares issued	-	4
At the end of the period	**1,301,006**	**1,301,006**
Issued and fully paid	**EUR**	**EUR**
At the beginning of the period	1,858,329	1,858,324
Ordinary share issue at GBP 1 each	-	5
At the end of the period	1,858,329	1,858,329
Share premium reserve		
At the beginning of the period	57,663,376	35,254,082
Share premium increase	-	22,409,295
At the end of the period	**57,663,376**	**57,663,376**

In 2013 there have been no changes in the share capital or share premium reserve

The share capital of the Company is fully authorised

There are no restrictions to any of the Ordinary shares in issue and all Ordinary shares carry equal voting rights

20. Accumulated Losses

	Year ended 31 December 2013 EUR	Year ended 31 December 2012 EUR
Balance at the beginning of the period	(43,047,680)	(31,451,113)
Loss of the period	(7,296,430)	(11,596,567)
Balance at the end of the period	**(50,344,110)**	**(43,047,680)**

Notes to the Financial Statements for the year ended 31 December 2013

21 Notes to the cash flow statement

		Year ended 31 December 2013 EUR		Year ended 31 December 2012 EUR
Net loss before tax		(7,296,399)		(11,596,567)
Interest (income)/expense		144,932		27,778
Foreign exchange loss long-term loan liability		-		17,189
Amortisation and depreciation on intangible and tangible assets		273,090		322,449
Residual value on disposal of tangible assets		2		14,193
Operating cash flows before movements in working capital		**(6,878,375)**		**(11,214,958)**
Decrease in other accruals		(502,745)		(88,168)
Increase in trade receivables		(2,368,842)		(146,754)
(Increase)/Decrease in accounts due from affiliated companies	14,330,559		(17,305,849)	
less (decrease)/increase in money market loans/cash equivalents	(14,348,175)		17,344,238	
		(17,617)		38,389
(Increase)/Decrease in other receivables	(515,790)		7,084,701	
less decrease in recoverable withholding taxes	(31)		-	
non-cash change in disclosure of restricted cash	-		(7,704,457)	
		(515,821)		(619,756)
(Decrease)/Increase in trade payables		(5,092,272)		1,746,802
Decrease in accounts due to affiliated companies		(778,118)		(303,580)
Increase/(Decrease) in other payables		357,682		(89,806)
Cash generated by operations		**(8,917,732)**		**537,127**
Balance at the end of the period		**(15,796,107)**		**(10,677,831)**

Cash and cash equivalents comprise balances on current accounts and call money at banks, while money-market loans to affiliated companies are displayed under receivables from affiliates

22. Parent company and controlling party

The Company's immediate parent company is ClickandBuy Holding GmbH, a company incorporated in Darmstadt, Germany, ClickandBuy Holding GmbH is a 100% subsidiary of Deutsche Telekom AG

Copies of all sets of group financial statements, which include the results of the Company, are available as download or printed versions via the Group´s website www telekom com/investor-relations

The Directors did not have any related party transactions with the Company except for their remunerations, which are stated in note 23

23. The Directors

The Directors as at 31 December 2013 are Paul Anthony Marcantonio, Jesper Hjortholm and Ulrich Keudel

Paul Anthony Marcantonio and Jesper Hjortholm are executive directors
Ulrich Keudel is non-executive director

Director's emoluments are attributed to ClickandBuy International Limited according to the percentage of their contribution to the Company as stated below

Directors as at 31 December 2013	Appointment/ (Resignation) Date	Percentage of Contribution	2013 Emoluments EUR	2012 Emoluments EUR
Paul Anthony Marcantonio	February 1, 2013	100%	141,223	-
Jesper Hjortholm	October 16, 2013	100%	35,236	-
Ulrich Keudel	November 12, 2012	0%	-	-

Ulrich Keudel is an executive of Deutsche Telekom AG For his function as non-executive director of ClickandBuy International Limited, he receives no additional remuneration aside from his regular salary, which is fully paid by Deutsche Telekom AG

Due to his position as non-executive director, the Management estimates Ulrich Keudel's operating contribution to ClickandBuy as negligible and therefore does not attribute his remuneration to the Company

During the year, the Company made pension contribution payments of EUR 14,363 (2012 EUR 10,926) in respect of the Directors, of which EUR 4,455 (2012 EUR 10,926) was for the highest paid director

23. The Directors (continued)

The Company's emoluments to past directors are made up as follows according to their contribution to ClickandBuy International Limited

Past Directors	Resignation Date	Percentage of Contribution	2013 Emoluments EUR	2012 Emoluments EUR
Nicholas Drew	July 31, 2013	100%	140,322	176,714

In 2013 EUR nil was paid in compensation for loss of office to leaving Directors' (2012 EUR nil)

24. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance

The capital structure of the Company consists of debt, cash and equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated losses as disclosed in notes 19 and 20

It is managed with the aim of maintaining an appropriate level of financing available for the Company's activities, and ensuring compliance with capital requirements existing for the Company as a regulated e-money issuer within the United Kingdom, whereas the Company significantly gained financial strength with its integration to Deutsche Telekom group

Changes in equity arise from the retention of earnings and, from time to time, issues of share capital Net debt is monitored periodically and reported to the regulator on a regular basis

At the year end, capital comprised

	2013 EUR	2012 EUR
Total equity	9,177,595	16,474,025
Net cash	(4,739,697)	(6,691,542)
Gross capital employed	**4,437,899**	**9,782,483**

The Company's regulator possesses the ability to impose restrictions or special measures upon a firm not meeting its obligations

There have been no significant changes in the Company's funding policy during the year

24. Capital risk management (continued)

Gearing Ratio

The Company's capital structure is reviewed on a monthly basis as part of a wider funding review and in line with capital adequacy obligations as an FCA regulated firm

The debt/equity ratio at year end is as follows

	Year ended 31 December 2013 EUR '000	Year ended 31 December 2012 EUR '000
Loans payable	-	-
Less cash and cash equivalents	(4,740)	(6,692)
Net debt	(4,740)	(6,692)
Equity	9,178	16,474
Net debt to equity ratio	**-51.6%**	**-40.6%**

Net Debt is defined as long-term loans payable, less cash and cash equivalents as detailed in note 15

Equity includes all capital and reserves of the Company attributable to equity holders of the Company

As an e-money institution, ClickandBuy is bound to capital requirements imposed by the FCA, stating that the Company must at all times maintain own funds, that are calculated in accordance with the regulations and amounting to not less than EUR 350,000 or 2% of outstanding e-money – whichever is higher

25. Financial risk management

The Company's risk management focuses on the major areas of credit risk, liquidity risk and market risk Risk management is carried out by the central risk management function of the Deutsche Telekom AG

Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations

The Company's principal financial assets are bank balances and cash, trade and other receivables and amounts owed by other members of the Group For trade and other receivables, refer to note 14 and for amounts owed by other members of the Group refer to note 18

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned in note 14

The carrying amounts of current financial assets and liabilities are a reasonable approximation of their fair values, as the impact of discounting is not significant

Trade receivables from third parties comprise receivables from end user customers corresponding to trade payables due to internet merchants Risks concerning these receivables are balanced by corresponding trade payables accordingly, with the exception of payment guarantees given to individual merchant customers in certain markets In most cases the credit risk to the Company is therefore limited to the potential loss of its commission of about 3 2% on average in respect of non-performing receivables

Notes to the Financial Statements for the year ended 31 December 2013

25. Financial risk management (continued)

Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Company does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost

The following table details the Company's remaining maturity for its financial liabilities

At 31 December 2013	On demand EUR	Up to 3 months EUR	3-12 months EUR	1-5 years and over 5 years EUR	Total EUR
Trade accounts payable	14,607,750	-	-	-	14,607,750
Amounts due to affiliated companies	1,427,734	-	-	-	1,427,734
Loans from group companies	-	-	-	-	-
Other liabilities	601,286	-	-	-	601,286
Total	**16,636,770**	**-**	**-**	**-**	**16,636,770**

At 31 December 2012	On demand EUR	Up to 3 months EUR	3-12 months EUR	1-5 years and over 5 years EUR	Total EUR
Trade accounts payable	19,700,022	-	-	-	19,700,022
Amounts due to affiliated companies	2,205,852	-	-	-	2,205,852
Loans from group companies	-	-	-	-	-
Other liabilities	243,604	-	-	-	243,604
Total	**22,149,478**	**-**	**-**	**-**	**22,149,478**

Due to the short term nature of the payable and receivable above, the fair value of these instruments is believed to approximate its stated nominal value

Market risk

Market risk is defined as the risk of loss as a result of adverse changes in risk factors including foreign exchange rates

The majority of market risk arises as a result of fluctuations in foreign exchange rates The Company's income is exposed to movements in the foreign exchange rate on balances held with banks to fund the transactions between internet merchants and end user customers

Notes to the Financial Statements for the year ended 31 December 2013

25. Financial risk management (continued)

Sensitivity analysis

A movement of +/- 100 basis points in foreign exchange rates, when applied to statistical models, will have the following impact on the profit and equity in the Financial Statements

Risk factor	CHF 31 December 2013 EUR '000	GBP 31 December 2013 EUR '000	USD 31 December 2013 EUR '000
Gains (Losses) resulting from a rise of 10% in relation to the EUR	44,413	(123,540)	71,621
(Losses) Gains resulting from a fall of 10% in relation to the EUR	(36,338)	101,078	(58,599)

Risk factor	CHF 31 December 2012 EUR '000	GBP 31 December 2012 EUR '000	USD 31 December 2012 EUR '000
Gains (Losses) resulting from a rise of 10% in relation to the EUR	44,172	(120,714)	59,060
(Losses) Gains resulting from a fall of 10% in relation to the EUR	(36,141)	98,766	(48,322)

It should be emphasised that the above stated sensitivity analysis exclusively comprises financial positions that are denominated in CHF, GBP and USD Financial positions denominated in other currencies were neglected due to their immaterial nature as at the balance sheet date

26. Operating Leases

The followıng schedule shows the mınımum lease payments due

	Year ended 31 December 2013 EUR	Year ended 31 December 2012 EUR
Wıthın one year	59,632	60,902
Wıthın 2 and 5 years	24,847	86,277
Balance at the end of the period	**84,479**	**147,179**

The above stated operatıng leases for the year ended 31 December 2013 exclusıvely relate to contıngent rent payables for the Company's premıses ın London

The contract was agreed between the Rodell Propertıes Lımıted as the landlord and ClıckandBuy Internatıonal Lımıted as the tenant ın May 2012 The tenancy expıres on 28 May 2015, provıded sıx months prıor notıce of the ıntentıon to termınate the lease has been served to the landlord, wıth no purchase optıon gıven The yearly rent ıncludıng parkıng spaces amounts to GBP 49,658 and ıs accrued accordıng to the contract perıod as contıngent rent payables

The Company has no other sıgnıficant leasıng arrangements to date

27. Post Balance Sheet Events

In ıts meetıng as of 6 March 2014 the board of dırectors has resolved to ıssue 1 new share at a par value of GBP 1 for a consıderatıon of GBP 6,000,000 to ıts sole shareholder ClıckandBuy Holdıng GmbH ın accordance wıth saıd parent company´s applıcatıon letter dated as of the same day

The Company has receıved the subscrıptıon amount of GBP 6,000,000 on 25 March 2014, whıch equals an ınjectıon of share capıtal of EUR 7,181,329

Otherwıse there have been no events subsequent to 31 December 2013 that requıre dısclosure ın the financıal statements