

**Strategic Report, Report of the Director and
Financial Statements for the Period 1 January 2019 to 30 December 2019
for
Cospay Limited**

**Contents of the Financial Statements
for the Period 1 January 2019 to 30 December 2019**

	Page
Company Information	1
Strategic Report	2
Report of the Director	4
Report of the Independent Auditors	5
Income Statement	7
Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Cospay Limited
Company Information
for the Period 1 January 2019 to 30 December 2019

DIRECTOR:	V Remi
REGISTERED OFFICE:	One Bartholomew Close London EC1A 7BL
REGISTERED NUMBER:	07805564 (England and Wales)
AUDITORS:	Botham Accounting Limited Chartered Accountants Statutory Auditors 14 Clarendon Street Nottingham Nottinghamshire NG1 5HQ

**Strategic Report
for the Period 1 January 2019 to 30 December 2019**

The director presents his strategic report for the period 1 January 2019 to 30 December 2019.

REVIEW OF BUSINESS

During the year, the company's parent company Cospay Holdings Limited (formerly Payco Holdings Limited) was acquired by Mr Vladimirs Remi through the purchase of 100% of its share capital. In the pursuit of newly established mission and vision, the company changed its name from Payco Financial Services Ltd to Cospay Limited.

Cospay Limited is operating in the finance industry with a focus on acquiring solutions for e-commerce and banking solutions for customers, who are both corporate and individual clients. The company is the principal member of the international card schemes like Visa, MasterCard and Union Pay that allows it to offer acquiring and issuing solutions to another financial institutions on the market and issue financial products like payment cards, POS terminals and e-commerce solutions.

Additionally, aside from all that, the company is currently working on two major projects that most likely will become the company's main principal activity in the near future. The company work directly with national regulators, card schemes and banks. In 2021 the company has strong intention to apply for the Specialized Banking License (SBL), the new startup unit with the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) of the United Kingdom due to the Brexit and cross border limitations. The company is willing to become the independent financial organization that could work outside the United Kingdom and service the Commonwealth and other countries based on its business plan and AML policies and procedures.

The company has completed the process of becoming a significant trading partner with the major global payment schemes. Cospay Limited has been approved as principal member with China Union Pay. Approval from MasterCard and Visa is expected to be received in the near future.

Cospay Limited promotes quality, efficiency and innovation. The company's mission is to provide competitive solutions for Business to Business (B2B) customers and offer the full range of banking products so that customers do not need to have another business account.

PRINCIPAL RISKS AND UNCERTAINTIES

Like any other business, the company's operations are exposed to risks which could potentially have an adverse impact on the company. The directors have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity. The main risks and uncertainties that could affect the company are set out in the following paragraphs.

BUSINESS RISK

The directors consider that the company's principal business risk is that of failing to generate the required funds to finalise and fully launch the product.

REGULATORY RISK

Cospay Limited operates in an industry subject to extensive and comprehensive regulation. Consequently, the company is exposed to many forms of risk in connection with compliance with a wide range of laws and regulations. Some examples would include breaching general organisational requirements, such as the requirement to have robust governance arrangements or failure to observe money laundering guidelines.

OPERATIONAL RISK

Cospay Limited relies heavily on its operational processes and IT and related communication systems. These processes and systems may not operate as expected, may not fulfil their intended purpose or may be damaged by disruptive events such as cyber crime or human error. The company is investing in robust operational systems and controls to be able to respond to unexpected events in an organised and timely manner and undertakes rigorous planning and testing.

LIQUIDITY RISK

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any surplus cash assets of the company safely and profitably. The company is financed through debt funding from its related companies.

**Strategic Report
for the Period 1 January 2019 to 30 December 2019**

BREXIT RISK

As a result of Brexit, the company has decided to stay in the United Kingdom and operate only inside the country, within the local market. To ensure further business development, the company is planning to submit an application to the Prudential Regulation Authority (PRA), the Bank of England and Financial Conduct Authority (FCA) and request authorization for a banking license. This would give the company an opportunity to compensate for the consequences caused by Brexit and allow to operate on the international markets. Until the banking license is granted, the company will continue to operate in the United Kingdom.

ON BEHALF OF THE BOARD:

V Remi - Director

23 April 2021

**Report of the Director
for the Period 1 January 2019 to 30 December 2019**

The director presents his report with the financial statements of the company for the period 1 January 2019 to 30 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of financial intermediation.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019 (2018: £Nil).

DIRECTORS

The directors who have held office during the period from 1 January 2019 to the date of this report are as follows:

M S Carroll - resigned 27 February 2019

V Remi - appointed 31 January 2019

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

After the year end Botham Accounting Limited were appointed auditors.

ON BEHALF OF THE BOARD:

V Remi - Director

23 April 2021

Report of the Independent Auditors to the Members of Cospay Limited

Opinion

We have audited the financial statements of Cospay Limited (the 'company') for the period ended 30 December 2019 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2019 and of its profit for the period 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 Auditors' 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors 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 Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Cospay Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Director.

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

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

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page four, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Andrew Botham ACA (Senior Statutory Auditor)
for and on behalf of Botham Accounting Limited
Chartered Accountants
Statutory Auditors
14 Clarendon Street
Nottingham
Nottinghamshire
NG1 5HQ

23 April 2021

Cospay Limited (Registered number: 07805564)

**Income Statement
for the Period 1 January 2019 to 30 December 2019**

	Notes	Period 1.1.19 to 30.12.19 £	Year Ended 31.12.18 £
TURNOVER	3	-	176,832
Cost of sales		12,315	-
GROSS (LOSS)/PROFIT		<u>(12,315)</u>	<u>176,832</u>
Administrative expenses		<u>(1,080,883)</u>	<u>(144,435)</u>
OPERATING PROFIT	5	1,068,568	321,267
Interest receivable and similar income		380	-
PROFIT BEFORE TAXATION		<u>1,068,948</u>	<u>321,267</u>
Tax on profit	7	-	-
PROFIT FOR THE FINANCIAL PERIOD		<u><u>1,068,948</u></u>	<u><u>321,267</u></u>

The notes form part of these financial statements

Cospay Limited (Registered number: 07805564)

**Other Comprehensive Income
for the Period 1 January 2019 to 30 December 2019**

	Notes	Period 1.1.19 to 30.12.19 £	Year Ended 31.12.18 £
PROFIT FOR THE PERIOD		1,068,948	321,267
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,068,948</u>	<u>321,267</u>

The notes form part of these financial statements

Cospay Limited (Registered number: 07805564)

**Balance Sheet
30 December 2019**

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Tangible assets	8		53,571		-
CURRENT ASSETS					
Debtors	9	2,110,469		283,134	
Cash at bank		<u>140,770</u>		<u>261,072</u>	
		2,251,239		544,206	
CREDITORS					
Amounts falling due within one year	10	<u>698,352</u>		<u>6,696</u>	
NET CURRENT ASSETS			<u>1,552,887</u>		<u>537,510</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,606,458</u>		<u>537,510</u>
CAPITAL AND RESERVES					
Called up share capital	11		490,605		490,605
Retained earnings	12		<u>1,115,853</u>		<u>46,905</u>
SHAREHOLDERS' FUNDS			<u>1,606,458</u>		<u>537,510</u>

The financial statements were approved by the director and authorised for issue on 23 April 2021 and were signed by:

V Remi - Director

The notes form part of these financial statements

Cospay Limited (Registered number: 07805564)

**Statement of Changes in Equity
for the Period 1 January 2019 to 30 December 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	490,605	(274,362)	216,243
Changes in equity			
Total comprehensive income	-	321,267	321,267
Balance at 31 December 2018	<u>490,605</u>	<u>46,905</u>	<u>537,510</u>
Changes in equity			
Total comprehensive income	-	1,068,948	1,068,948
Balance at 30 December 2019	<u>490,605</u>	<u>1,115,853</u>	<u>1,606,458</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Period 1 January 2019 to 30 December 2019**

1. STATUTORY INFORMATION

Cospay Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The principal activity of the company is included in the Directors report.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The functional and presentational currency of Payco Financial Services Limited is considered to be pounds sterling. The financial statements are rounded to the nearest pound.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Significant judgements and estimates

The directors make estimates and assumptions concerning the future and are also required to exercise judgement in applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

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 addressed below:

- Depreciation, amortisation and residual value

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded them appropriate. The actual lives of the asset are assessed periodically and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

Turnover

Turnover comprises revenue recognised by the company in respect of services provided during the year, exclusive of Value Added Tax and trade discounts.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 4% on cost

Financial instruments

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

**Notes to the Financial Statements - continued
for the Period 1 January 2019 to 30 December 2019**

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. TURNOVER

The turnover is attributable to the principal activity of the company.

An analysis of turnover by geographical market is given below:

	2019 £	2018 £
Asia	-	176,832
	-	176,832

Notes to the Financial Statements - continued
for the Period 1 January 2019 to 30 December 2019

4. **EMPLOYEES AND DIRECTORS**

	Period 1.1.19 to 30.12.19 £	Year Ended 31.12.18 £
Wages and salaries	-	60,595
Social security costs	2,823	9,651
Other pension costs	-	501
	<u>2,823</u>	<u>70,747</u>

The average number of employees during the period was as follows:

	Period 1.1.19 to 30.12.19	Year Ended 31.12.18
Management	<u>1</u>	<u>1</u>

	Period 1.1.19 to 30.12.19 £	Year Ended 31.12.18 £
Directors' remuneration	-	60,595
Directors' pension contributions to money purchase schemes	<u>-</u>	<u>501</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>-</u>	<u>1</u>
------------------------	----------	----------

5. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	Period 1.1.19 to 30.12.19 £	Year Ended 31.12.18 £
Other operating leases	14,717	-
Depreciation - owned assets	1,093	-
Foreign exchange differences	<u>(21,696)</u>	<u>(3,055)</u>

6. **AUDITORS' REMUNERATION**

	Period 1.1.19 to 30.12.19 £	Year Ended 31.12.18 £
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	<u>3,500</u>	<u>3,500</u>

**Notes to the Financial Statements - continued
for the Period 1 January 2019 to 30 December 2019**

7. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the period ended 30 December 2019 nor for the year ended 31 December 2018.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.1.19 to 30.12.19 £	Year Ended 31.12.18 £
Profit before tax	<u>1,068,948</u>	<u>321,267</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	203,100	61,041
Effects of:		
Expenses not deductible for tax purposes	133	1,671
Income not taxable for tax purposes	(226,931)	-
Capital allowances in excess of depreciation	(10,178)	-
Utilisation of tax losses in the period	-	(86,759)
Deferred tax asset not recognised	<u>33,876</u>	<u>24,047</u>
Total tax charge	<u>-</u>	<u>-</u>

The company has unused tax losses brought forward. The recoverability of the losses is dependent on the company's ability to generate future taxable profits sufficient to utilise the tax losses.

Due to the inherent uncertainty in forecasting the amount and the timing of future taxable profits the company has not recognised a deferred tax asset in respect of the tax losses.

The losses brought forward at 1 January 2019 were £30,638 and the losses carried forward at 31 December 2019 were £209,308. There is also an unrecognised deferred tax asset of £5,209 (2018: £5,209).

Notes to the Financial Statements - continued
for the Period 1 January 2019 to 30 December 2019

8. TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
At 1 January 2019	155
Additions	54,664
At 30 December 2019	<u>54,819</u>
DEPRECIATION	
At 1 January 2019	155
Charge for period	1,093
At 30 December 2019	<u>1,248</u>
NET BOOK VALUE	
At 30 December 2019	<u>53,571</u>
At 31 December 2018	<u>-</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	169,996	-
Amounts owed by group undertakings	275,869	275,869
Other debtors	1,291,926	7,265
Directors' current accounts	36,515	-
Prepayments and accrued income	336,163	-
	<u>2,110,469</u>	<u>283,134</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	352,561	848
Other creditors	170,095	148
Accruals and deferred income	175,696	5,700
	<u>698,352</u>	<u>6,696</u>

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2019	2018
Number:	Class:	Nominal value:	£	£
570,000	Ordinary	€1	490,604	490,604
1	Ordinary	£1	1	1
			<u>490,605</u>	<u>490,605</u>

All shares have full rights with regards to voting, participation and dividends.

**Notes to the Financial Statements - continued
for the Period 1 January 2019 to 30 December 2019**

12. RESERVES

Retained earnings records retained earnings and accumulated losses.

13. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the period ended 30 December 2019 and the year ended 31 December 2018:

	2019 £	2018 £
V Remi		
Balance outstanding at start of period	-	-
Amounts advanced	36,515	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of period	<u>36,515</u>	<u>-</u>

Interest is being charged at 2.5% on Directors' Loan Account debit balance. Interest of £372 (2018: £nil) has been charged.

14. RELATED PARTY DISCLOSURES

The outstanding balance due from group undertakings at 31 December 2019 was £275,869 (2018: £275,869).

During the year total remuneration of £nil (2018: £61,096) was paid to key management.

15. ULTIMATE CONTROLLING PARTY

At the balance sheet date, the company was controlled by Cospay Holdings Limited, a company controlled by V Remi.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.