

Company Registration No. 08134141 (England and Wales)

EPAYMENTS SYSTEMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019



EPAYMENTS SYSTEMS LIMITED

COMPANY INFORMATION

Directors	M Rymanov R E Courtneidge	(Appointed 2 July 2018)
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Company number	08134141
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Registered office	5th Floor 24 Savile Row London W1S 2ES
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Auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor Palladium House 1-4 Argyll Street London W1F 7LD
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EPAYMENTS SYSTEMS LIMITED

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EPAYMENTS SYSTEMS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2019

The directors present the strategic report for the "group", comprising Epayments Systems Limited ("the company") and Epayments Technologies LLC ("the subsidiary"), for the year ended 30 April 2019.

Fair review of the business

Epayments Systems Limited is an electronic payment service issuing its own debit card the "ePayments Prepaid MasterCard®". The company was founded in 2011 and now services customers in more than 190 countries from various sectors of the internet business. The company is registered with and regulated by the Financial Conduct Authority (FCA) as an Electronic Money Institution ("EMI"), with FRN 900172. During 2018, the company has been successfully re-authorised by the FCA. The company has also been successfully re-authorised under the 2nd Payment Services Directive (Directive 2015/2366 EC). Following the introduction of the new General Data Protection Regulation (GDPR), which is a major change to the old Data Protection Act (DPA), the company identified the importance of aligning the business to this new regulation and have fully embraced the changes that will be required by the business to comply with the new regulations. The company provides e-Wallet accounts, prepaid MasterCard® cards, payments and merchant services to individual and corporate customers.

The company is a principal issuer of MasterCard cards. The company also has a PSI DSS compliant licence. This licence, issued by the payment systems of MasterCard and VISA, is a confirmation that the company meets all of their requirements for the storage and processing of card data, which guarantees clients security on their card transactions.

Epayment Technologies LLC was incorporated on 25 April 2018 to provide software development support to the company.

During the year, the group provided exchange rate services, managed E-wallet accounts and prepaid MasterCard® cards on behalf of its customers. This generated sales amounting to £27,911,975 (2018: £15,945,596). The group generated a profit for the year of £8,517,435 compared to £4,956,411 in the previous year. Shareholders' funds at the balance sheet date were £6,892,492 compared to £5,698,569 in 2018. Interim dividends totalling £7,323,512 (2018: £nil) were paid during the year and were distributed in respect to both the year ended 30 April 2019 (£4,765,080) and the year ended 30 April 2018 (£2,558,432).

The group has experienced a strong financial year with a significant growth in both turnover and profit. This revenue growth has been led by increases in the number of clients being served by the group and the number of transactions executed. The growth in total income has also been driven by the launch of new products and introduction of new product features.

Key performance indicators

The management team of the group reviews and approves the annual budget. The group relies on different KPIs at an operational level which are specific to the business. Financial performance of the group is reviewed by the management team on a daily basis. The key financial performance indicator for the group is the volume of new E-wallets it opens, the volume of prepaid MasterCard® cards issued, the volume and number of transactions and the volume of turnover by product. Non-financial performance indicators for the group include customer satisfaction and staff morale.

Key KPIs used by the group:

	2019	2018
	£'000	£'000
Revenue	27,912	15,946
Gross profit	18,341	10,444
Gross profit margin	66%	65%

EPAYMENTS SYSTEMS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

Key performance indicators (continued)

	2019 £'000	2018 £'000
E-wallet accounts	744,788	446,042
Prepaid cards issued	75,050	70,737

During the financial year, the number of e-wallet accounts open with the company increased by 67% whilst the number of prepaid cards issued by the company increased by 6%.

E-wallet accounts

The number of e-wallets is a count of active customers registered with ePayments system as at 30 April 2019.

Prepaid cards issued

The number of prepaid cards issued is a count of active ePayments Prepaid MasterCard® cards issued as at 30 April 2019.

Principal risks and uncertainties

The risk management function of the group is carried out in respect of financial risks, operational risks and legal risks. The main objective of risk management is to ensure that appropriate policies and procedures are in place to enable the effective management of the risks to which the group is exposed and to ensure that these policies and procedures are effectively implemented and executed.

Liquidity risk

The group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the group's reputation. This is supported by a robust planning process which has the full involvement of the management team.

Credit Risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The main credit risk to which the company is exposed to is in respect of its debtors. However, since these are primarily inter-group debtors, the risk is not considered to be significant. The financial risk arising from the possible non advance of credit by the group's trade creditors, either by exceeding the credit limit or not paying within the specified terms, is managed by prompt payment and regularly monitoring of the trade balance and credit limit terms for all suppliers.

Market risk

The group is exposed to market risks. Market risks arise from changes in open positions in interest rate, currency and equity financial instruments. The management team monitors the risk of adverse price changes and interest rates. The group incurs foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the group. The management team regularly monitors exchange rates and market forecast exchange rates, as well as preparing budgets for the long, medium and short term.

Operational risk

The availability of the group's products and services depends on the continuing operation of its information technology and communications systems. The internal system may be subject to damage via its interruption from power loss, technical failures, computer viruses and other attempts to harm the systems. To address the above risks, the company has two separate server locations. Transaction data is replicated at regular intervals to standby databases at the two sides. Transaction data is also saved as back-up data in the separate server locations as an additional contingency measure.

EPAYMENTS SYSTEMS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

Principal risks and uncertainties continued

Regulatory risk

The company, being a regulated firm in the UK accepting customers from a large number of countries, always faces some uncertainty with regards to the regulatory requirements. Failure to comply with the regulatory requirements could lead to fines or other disciplinary action. The management team ensures that there is a high level of compliance procedures, policies and systems in place and that the company constantly monitors these to ensure that it is fully compliant at all times. The management team monitors changes in regulation and assesses the impact that any changes may have on the business and plans to ensure they have sufficient resources to implement those changes.

The group is committed to the highest standards of openness and integrity. A risk-based anti-money laundering (AML), counter-terrorist financing (CTF), anti-fraud, anti-corruption approach is taken, which includes all necessary measures to mitigate against financial crime. The company abides by and adheres to all applicable laws and regulations regarding AML and CTF in all jurisdictions where it conducts its business. The company has developed and implemented a comprehensive set of measures to identify, manage and control all AML risks starting at on-boarding customers stage.

Brexit

Following the result of the referendum on the United Kingdom's membership of the European Union, the UK is expecting to depart from the EU (Brexit) on January 31 2020. This may cause disruption to and create uncertainty around the company's business. Given this uncertainty, the company continues to prepare for changes in legislation, agreements and working practices in order to mitigate risk. The management continues to assess the potential risks and impacts of Brexit process on company's operating and will address them accordingly with a particular focus on ensuring that company's customers are not impacted.

Development and performance

The focus of the business remains that of attaining global leadership in the electronic payments market. The achievement of this goal is supported by the following: significant experience of the employees of the group; maintaining the product at a high level; continuous improvement of the product; excellent customer service and the implementation of a full range of services. The group plans to further develop their presence around the world attracting new individual users and business customers. The development of new territorial markets is one of the main future plans of the group in the coming years. For entering new markets, the group will create a specific set of services and infrastructure to meet the needs of users in other countries.

On behalf of the board



M Rymanov

Director

22.11.19

EPAYMENTS SYSTEMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2019

The directors present their annual report and financial statements for the year ended 30 April 2019.

Principal activities

The principal activity of the company and group continued to be that of an issuer of electronic money and provider of payment services.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Rymanov

R E Courtneidge

(Appointed 2 July 2018)

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £7,323,512. The directors do not recommend payment of a further dividend.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



M Rymanov
Director

Date: 22.11.19

EPAYMENTS SYSTEMS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2019

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

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

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

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

EPAYMENTS SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EPAYMENTS SYSTEMS LIMITED

Opinion

We have audited the financial statements of Epayments Systems Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows 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 FRS 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 group's and of the parent company's affairs as at 30 April 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

EPAYMENTS SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EPAYMENTS SYSTEMS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

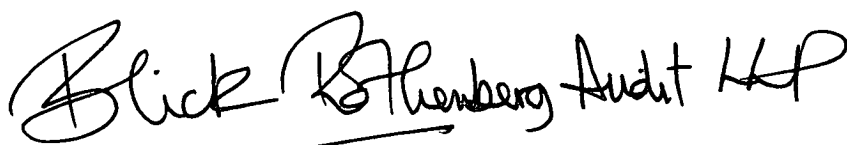
EPAYMENTS SYSTEMS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EPAYMENTS SYSTEMS LIMITED

Use of our report

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

A large, stylized handwritten signature in black ink, reading "Blick Rothenberg Audit LLP".

Michael Krieger FCA (Senior Statutory Auditor)
for and on behalf of Blick Rothenberg Audit LLP

25th November 2019

Chartered Accountants
Statutory Auditor

Palladium House
1-4 Argyll Street
London
W1F 7LD

EPAYMENTS SYSTEMS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2019

		Year ended 30 April 2019	Year ended 30 April 2018 as restated
	Notes	£	£
Turnover	3	27,911,975	15,945,596
Cost of sales		(9,570,145)	(5,501,675)
Gross profit		18,341,830	10,443,921
Administrative expenses		(9,103,902)	(4,597,969)
Operating profit	4	9,237,928	5,845,952
Interest receivable and similar income	8	970,138	385,284
Interest payable and similar expenses	9	(33,939)	(126,435)
Profit before taxation		10,174,127	6,104,801
Tax on profit	10	(1,656,692)	(1,148,390)
Profit for the financial year		8,517,435	4,956,411

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

EPAYMENTS SYSTEMS LIMITED

GROUP BALANCE SHEET

AS AT 30 APRIL 2019

		2019		2018 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		124,231		31,068
Current assets					
Debtors	16	8,353,525		8,121,745	
Segregated investments and cash held on behalf of clients	18	127,424,793		175,137,878	
Cash at bank and in hand		3,279,026		5,161,678	
		<u>139,057,344</u>		<u>188,421,301</u>	
Creditors: amounts falling due within one year					
Loans and overdrafts	19	-		1,047,288	
Taxation and social security		477,339		928,390	
E-money float	20	124,987,523		173,641,034	
Other creditors	20	6,810,530		7,137,088	
		<u>132,275,392</u>		<u>182,753,800</u>	
Net current assets			6,781,952		5,667,501
Total assets less current liabilities			<u>6,906,183</u>		<u>5,698,569</u>
Provisions for liabilities	21		(13,691)		-
Net assets			<u>6,892,492</u>		<u>5,698,569</u>
Capital and reserves					
Called up share capital	23	319,804		319,804	
Profit and loss reserves		6,572,688		5,378,765	
Total equity			<u>6,892,492</u>		<u>5,698,569</u>

The financial statements were approved by the board of directors and authorised for issue on 22.11.19 and are signed on its behalf by:



M Rymanov
Director

EPAYMENTS SYSTEMS LIMITED

COMPANY BALANCE SHEET

AS AT 30 APRIL 2019

		2019		2018 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		80,539		31,068
Investments	13		119		-
			<u>80,658</u>		<u>31,068</u>
Current assets					
Debtors falling due after more than one year	16	5,840,161		5,472,502	
Debtors falling due within one year	16	2,513,364		2,649,243	
Segregated investments and cash held on behalf of clients	18	127,424,793		175,137,878	
Cash at bank and in hand		3,257,462		5,161,678	
		<u>139,035,780</u>		<u>188,421,301</u>	
Creditors: amounts falling due within one year					
Loans and overdrafts	19	-		1,047,288	
Taxation and social security		465,931		928,390	
E-money float	20	124,987,523		173,641,034	
Other creditors	20	7,153,487		7,137,088	
		<u>132,606,941</u>		<u>182,753,800</u>	
Net current assets			<u>6,428,839</u>		<u>5,667,501</u>
Total assets less current liabilities			<u>6,509,497</u>		<u>5,698,569</u>
Provisions for liabilities	21		(13,691)		-
Net assets			<u>6,495,806</u>		<u>5,698,569</u>
Capital and reserves					
Called up share capital	23		319,804		319,804
Profit and loss reserves			6,176,002		5,378,765
Total equity			<u>6,495,806</u>		<u>5,698,569</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £8,120,749 (2018 - £4,956,411 profit).

EPAYMENTS SYSTEMS LIMITED

COMPANY BALANCE SHEET (CONTINUED)

AS AT 30 APRIL 2019

The financial statements were approved by the board of directors and authorised for issue on 22.11.19
and are signed on its behalf by:


.....
M Rymanov
Director

Company Registration No. 08134141

EPAYMENTS SYSTEMS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
As restated for the period ended 30 April 2018:				
Balance at 1 May 2017		319,804	422,354	742,158
Period ended 30 April 2018:				
Profit and total comprehensive income for the period		-	4,956,411	4,956,411
Balance at 30 April 2018		319,804	5,378,765	5,698,569
Period ended 30 April 2019:				
Profit and total comprehensive income for the period		-	8,517,435	8,517,435
Dividends	11	-	(7,323,512)	(7,323,512)
Balance at 30 April 2019		319,804	6,572,688	6,892,492

EPAYMENTS SYSTEMS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
As restated for the period ended 30 April 2018:				
Balance at 1 May 2017		319,804	422,354	742,158
Period ended 30 April 2018:				
Profit and total comprehensive income for the period		-	4,956,411	4,956,411
Balance at 30 April 2018		319,804	5,378,765	5,698,569
Period ended 30 April 2019:				
Profit and total comprehensive income for the period		-	8,120,749	8,120,749
Dividends	11	-	(7,323,512)	(7,323,512)
Balance at 30 April 2019		319,804	6,176,002	6,495,806

EPAYMENTS SYSTEMS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2019

		2019		2018 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26		(40,209,602)		140,987,309
Interest received			570,169		246,375
Interest paid			(55,056)		(139,976)
Income taxes paid			(2,148,512)		(300,067)
Net cash (outflow)/inflow from operating activities			(41,843,001)		140,793,641
Investing activities					
Purchase of tangible fixed assets		(117,684)		(31,293)	
Other investments and loans made		(395,909)		(53,781,975)	
Proceeds from other investments and loans		12,524,246		-	
Net cash generated from/(used in) investing activities			12,010,653		(53,813,268)
Financing activities					
Proceeds from borrowings		-		2,477,013	
Repayment of borrowings		(585,532)		(3,442,857)	
Dividends paid to equity shareholders		(7,323,512)		-	
Net cash used in financing activities			(7,909,044)		(965,844)
Net (decrease)/increase in cash and cash equivalents			(37,741,392)		86,014,529
Cash and cash equivalents at beginning of year			126,517,581		40,584,939
Effect of foreign exchange rates			273,992		(81,887)
Cash and cash equivalents at end of year			89,050,181		126,517,581
Relating to:					
Cash at bank and in hand			3,279,026		5,161,678
Segregated bank accounts within the EEA	18		85,771,155		121,355,903

EPAYMENTS SYSTEMS LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2019

		2019		2018 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	27		(40,284,570)		140,987,309
Interest received			576,275		246,375
Interest paid			(55,056)		(139,976)
Income taxes paid			(2,148,512)		(300,067)
Net cash (outflow)/inflow from operating activities			(41,911,863)		140,793,641
Investing activities					
Purchase of tangible fixed assets			(67,819)		(31,293)
Purchase of subsidiaries			(119)		-
Other investments and loans made			(395,909)		(53,781,975)
Proceeds from other investments and loans			12,524,246		-
Net cash generated from/(used in) investing activities			12,060,399		(53,813,268)
Financing activities					
Proceeds from borrowings			-		2,477,013
Repayment of borrowings			(585,532)		(3,442,857)
Dividends paid to equity shareholders			(7,323,512)		-
Net cash used in financing activities			(7,909,044)		(965,844)
Net (decrease)/increase in cash and cash equivalents			(37,760,508)		86,014,529
Cash and cash equivalents at beginning of year			126,517,581		40,584,939
Effect of foreign exchange rates			271,544		(81,887)
Cash and cash equivalents at end of year			89,028,617		126,517,581
Relating to:					
Cash at bank and in hand			3,257,462		5,161,678
Segregated bank accounts within the EEA	18		85,771,155		121,355,903

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2019

1 Accounting policies

Company information

Epayments Systems Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 5th Floor 24 Savile Row, London, W1S 2ES.

The group consists of Epayments Systems Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The functional currency of the company in the financial year ended 30 April 2019 is Euros. The company has selected to prepare its accounts in its presentational currency sterling. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Epayments Systems Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 April 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

1 Accounting policies

(Continued)

Epayments Technologies LLC has been included in the group financial statements using the purchase method of accounting. Accordingly, the group statement of comprehensive income and statement of cash flows include the results and cash flows of Epayments Technologies LLC for the period from its acquisition on 25 April 2018 to 30 April 2019. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and parent company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is derived from transaction processing services provided in the course of the company's activity as an issuer of electronic payment services. The timing and quantity of transactions to be processed is not determinable at the inception of the contract. The payment services comprise a series of distinct services that are substantially the same and have the same pattern of transfer to the customer over time. The company has contracted with its customers to provide an electronic mechanism to enable the processing of electronic payments. The consideration received is contingent upon the customer's usage pattern and the type of transactions undertaken. As such, the total transaction price under a contract is variable. The company allocates the commissions and fees charged to the period in which it has the contractual right to bill under the contract, which is typically at the point of transaction.

The company determines whether it is responsible for providing its payment services as a principal, or for arranging for the services to be provided by the third party as an agent. In this determination, the company assesses indicators including whether the company or the third party is primarily responsible for fulfilment of the contract and the extent to which the company has discretion over determining pricing for the good or service, as well as other considerations.

Prepaid card services are offered through Mastercard. Revenue is earned either as a commission or fee calculated as a percentage of funds processed or as a fixed charge per transactions, pursuant to the respective customer, as well as accounting administration fees and income from inter-currency transactions.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Furniture fixture and equipment	Over 60 months
Office Equipment	Over 25-37 months
Computer hardware	Over 37 months

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

1 Accounting policies

(Continued)

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

1 Accounting policies

(Continued)

1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Judgements

In the process of applying the company's accounting policies, management has made the following judgements which have a significant effect on the amounts recognised in the financial statements:

Client assets and liabilities

The company holds assets on behalf of its customers totalling £127,424,793 (2018: £175,137,878). The company manages client funds that are held in segregated bank or investment accounts. The balances in these segregated accounts belong to the company's customers and represent cash given in return for the issuance of e-money. The company does not have rights or control to disburse the balances in these accounts unless it is acting in accordance with instructions received from its customers to redeem the e-money that has been issued. When e-money is issued to a customer, a liability against the company is recognised in the balance sheet. With consideration of the preceding facts, the recognition of these assets and liabilities in the balance sheet is considered relevant to a full understanding of the company's financial performance and financial solvency position. Please refer to notes 17 and 18.

Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by class of business		
Currency exchange income	8,434,886	4,358,184
Revenue from commissions	11,975,356	6,939,934
Mastercard program revenue	7,501,733	4,647,478
	<u>27,911,975</u>	<u>15,945,596</u>
	2019 £	2018 £
Other significant revenue		
Interest income	<u>970,138</u>	<u>385,284</u>

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

3 Turnover and other revenue (Continued)

	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	1,596,517	1,207,116
Rest of Europe	21,328,464	11,014,933
North and South America	2,418,478	1,904,148
Rest of World	2,568,516	1,819,399
	<u>27,911,975</u>	<u>15,945,596</u>

4 Operating profit

	2019 £	2018 £
Operating profit for the period is stated after charging/(crediting):		
Exchange (gains)/losses	(273,992)	86,191
Depreciation of owned tangible fixed assets	<u>24,521</u>	<u>225</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £273,992 (2018 - £86,191).

5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	<u>39,256</u>	<u>39,558</u>

6 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2019 Number	2018 Number
Compliance	2	1
Administrative and HR	1	-
Management	2	-
IT	24	-
Quality control	7	-
	<u>36</u>	<u>1</u>

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

6 Employees

(Continued)

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	710,412	84,454
Social security costs	90,485	10,133
Pension costs	874	-
	<u>801,771</u>	<u>94,587</u>

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	<u>38,215</u>	<u>-</u>

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	84,971	45,335
Other interest income	885,167	339,949
Total income	<u>970,138</u>	<u>385,284</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>84,971</u>	<u>45,335</u>
--	---------------	---------------

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	33,939	33,444
Other interest on financial liabilities	-	92,991
	<u>33,939</u>	<u>126,435</u>

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	1,805,936	1,148,390
Adjustments in respect of prior periods	(162,935)	-
Total current tax	<u>1,643,001</u>	<u>1,148,390</u>
Deferred tax		
Origination and reversal of timing differences	<u>13,691</u>	<u>-</u>
Total tax charge	<u>1,656,692</u>	<u>1,148,390</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	<u>10,174,127</u>	<u>6,104,801</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	1,933,084	1,159,912
Tax effect of expenses that are not deductible in determining taxable profit	9,167	-
Adjustments in respect of prior years	(162,935)	-
Other permanent differences	(9,173)	(5,902)
Foreign exchange differences	(51,771)	(5,620)
Overseas tax relief	(75,371)	-
Movement in deferred tax	<u>13,691</u>	<u>-</u>
Taxation charge	<u>1,656,692</u>	<u>1,148,390</u>

11 Dividends

	2019 £	2018 £
Final paid	<u>7,323,512</u>	<u>-</u>

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

12 Tangible fixed assets

Group	Furniture fixture and equipment £	Office Equipment £	Computer hardware £	Total £
Cost				
At 1 May 2018	30,791	502	-	31,293
Additions	15,158	46,981	55,545	117,684
At 30 April 2019	45,949	47,483	55,545	148,977
Depreciation and impairment				
At 1 May 2018	202	23	-	225
Depreciation charged in the year	7,302	6,613	10,606	24,521
At 30 April 2019	7,504	6,636	10,606	24,746
Carrying amount				
At 30 April 2019	38,445	40,847	44,939	124,231
At 30 April 2018	30,589	479	-	31,068
Company				
	Furniture fixture and equipment £	Office Equipment £	Computer hardware £	Total £
Cost				
At 1 May 2018	30,791	502	-	31,293
Additions	2,644	9,630	55,545	67,819
At 30 April 2019	33,435	10,132	55,545	99,112
Depreciation and impairment				
At 1 May 2018	202	23	-	225
Depreciation charged in the year	6,492	1,250	10,606	18,348
At 30 April 2019	6,694	1,273	10,606	18,573
Carrying amount				
At 30 April 2019	26,741	8,859	44,939	80,539
At 30 April 2018	30,589	479	-	31,068

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

13 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	14	-	-	119	-

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 May 2018	-
Additions	119
At 30 April 2019	119
Carrying amount	
At 30 April 2019	119
At 30 April 2018	-

14 Subsidiaries

Details of the company's subsidiaries at 30 April 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Epayers Technologies LLC	Moscow, Russia	Research into computer technologies	Ordinary	100.00

15 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	6,645,561	7,071,152	6,645,561	7,071,152
Instruments measured at fair value through profit or loss	41,653,638	53,781,975	41,653,638	53,781,975
Carrying amount of financial liabilities				
Measured at amortised cost	131,798,053	181,825,410	132,141,010	181,825,410

The investments measured at fair value through profit or loss relate to segregated investments held on behalf of clients. Please see note 18.

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

16 Debtors

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	-	747,597	-	747,597
Amounts owed by group undertakings	59,690	712,053	59,690	712,053
Other debtors	745,710	139,000	745,710	139,000
Prepayments and accrued income	1,707,964	1,050,593	1,707,964	1,050,593
	<u>2,513,364</u>	<u>2,649,243</u>	<u>2,513,364</u>	<u>2,649,243</u>
Amounts falling due after more than one year:				
Other debtors	<u>5,840,161</u>	<u>5,472,502</u>	<u>5,840,161</u>	<u>5,472,502</u>
Total debtors	<u>8,353,525</u>	<u>8,121,745</u>	<u>8,353,525</u>	<u>8,121,745</u>

Included in debtors falling due within one year are prepayments to MasterCard of £5,840,161 (2018: £5,472,502) to cover future MasterCard transactions.

17 Cash and cash equivalents

Epayments Systems Limited, a FCA regulated entity, is required at all times to have qualifying liquid assets (comprising of cash and cash equivalents and investments) in excess of the e-money float. The e-money float represents amounts received into customer e-wallet accounts and these amounts are recognised on the approval of the initiated transactions. A minimum amount of capital, of Epayments Systems Limited, is required by the FCA. The FCA's regulatory requirement is, at any time, for Epayments Systems Limited to have capital in excess of €350,000 and hold regulatory own funds which are 2% of the average daily outstanding e-money amount at the end of each calendar day over the proceeding 6 month period.

The FCA regulatory requirements and the company's regulatory own funds as at the year ends are as follows:

	2019	2018
	£	£
FCA regulatory capital requirements	2,526,724	3,138,421
Regulatory own funds	6,495,806	5,698,569

For the years ended 30 April 2019 and 30 April 2018 Epayments Systems Limited was in compliance with the requirement to have at all times liquid assets in excess of the e-money float. The respective balances are presented below:

	Notes	2019	2018
		£	£
Qualifying liquid assets		138,189,896	186,785,251
E-money float	18	124,987,522	173,641,034

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

18 Segregated investments & cash held on behalf of clients

Group and Company:

	Notes	2019 £	2018 £
Investments held in custody by an EEA authorised investment firm		41,653,638	53,781,975
Segregated bank accounts within the EEA		85,771,155	121,355,903
		<u>127,424,793</u>	<u>175,137,878</u>
Represented by:			
E-money float	17, 20	124,987,523	173,641,034
Other creditors	20	2,437,270	1,496,844
		<u>127,424,793</u>	<u>175,137,878</u>

The company manages client funds that are held as cash in segregated bank accounts or as investments ("Client Funds"). These Client Funds are held in accordance with the Electronic Money Regulations 2011 of the Financial Conduct Authority (firm number 900172). The corresponding liabilities arising from e-money issued is recognised in the Balance Sheet as Short Term Liabilities as the e-money can be redeemed at any time. Epayments Systems Limited does not have rights or control to disburse the Client Funds unless it is acting in accordance with instructions received from its customers.

The unlisted investments are held within short term liquid USD Bonds held by the company. The unexpired bonds have maturity dates that meet the Financial Conduct Authority defined definition of a qualifying liquid asset.

19 Loans and overdrafts

	Group 2019 £	2018 £	Company 2019 £	2018 £
Other loans	-	1,047,288	-	1,047,288
	<u>-</u>	<u>1,047,288</u>	<u>-</u>	<u>1,047,288</u>
Payable within one year	-	1,047,288	-	1,047,288
	<u>-</u>	<u>1,047,288</u>	<u>-</u>	<u>1,047,288</u>

The related party loans were unsecured, repayable on demand with an 8% p.a. interest rate.

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

20 Other creditors falling due within one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Trade creditors	37,226	196,668	62,564	196,668
Amounts owed to group undertakings	1,256,355	317,673	1,606,850	317,673
E-money float	124,987,523	173,641,034	124,987,523	173,641,034
Other creditors	5,516,949	6,622,747	5,484,073	6,622,747
	<u>131,798,053</u>	<u>180,778,122</u>	<u>132,141,010</u>	<u>180,778,122</u>

Included in 'other creditors' are amounts due to clients totalling £2,437,270 (2018: £1,496,844) that do not form part of the E-money float. See note 18.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2019 £	Liabilities 2018 £
Accelerated capital allowances	<u>13,691</u>	<u>-</u>
Company	Liabilities 2019 £	Liabilities 2018 £
Accelerated capital allowances	<u>13,691</u>	<u>-</u>
Movements in the year:	Group 2019 £	Company 2019 £
Liability at 1 May 2018	-	-
Charge to profit or loss	13,691	13,691
Liability at 30 April 2019	<u>13,691</u>	<u>13,691</u>

The deferred tax liability set out above is expected to reverse within 60 months and relates to accelerated capital allowances that are expected to mature within the same period.

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

22 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	874	-

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

	Group and company	
	2019	2018
Ordinary share capital	£	£
Issued and fully paid		
319,804 Ordinary share of £1 each	319,804	319,804

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019	2018
	£	£
Aggregate compensation	177,942	84,454

During the year, Epayments Systems Limited provided loans to a company controlled by a director totalling £395,909 (2018: £nil). The loans were repaid during the year and interest charges totalled £3,588 (2018: £nil).

During the year, expenses totalling £118,568 (2018: £nil) were paid by Epayments Systems Limited on behalf of a company controlled by a director. £118,568 (2018: £nil) was still outstanding as at the year end.

25 Controlling party

The immediate and ultimate parent company is Epayments Holdings Limited, a company registered in Jersey, Channel Islands. Epayments Holdings is controlled by EXIF Trust.

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

26 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	8,517,435	4,956,411
Adjustments for:		
Taxation charged	1,656,692	1,148,390
Finance costs	33,939	126,435
Investment income	(970,138)	(385,284)
Depreciation and impairment of tangible fixed assets	24,521	225
Foreign exchange gains on cash equivalents	(273,992)	81,887
Increase in provisions	42,693	-
Movements in working capital:		
(Increase) in debtors	(231,665)	(3,118,447)
(Decrease)/increase in creditors	(49,009,087)	138,177,692
Cash (absorbed by)/generated from operations	(40,209,602)	140,987,309

27 Cash generated from operations - company

	2019 £	2018 £
Profit for the year after tax	8,120,749	4,956,411
Adjustments for:		
Taxation charged	1,656,692	1,148,390
Finance costs	33,939	126,435
Investment income	(969,681)	(385,284)
Depreciation and impairment of tangible fixed assets	18,348	225
Foreign exchange gains on cash equivalents	(271,544)	81,887
Increase in provisions	13,691	-
Movements in working capital:		
(Increase) in debtors	(231,665)	(3,118,447)
(Decrease)/increase in creditors	(48,655,099)	138,177,692
Cash (absorbed by)/generated from operations	(40,284,570)	140,987,309

28 Prior period adjustment

A prior period adjustment arose following a change in accounting policy to separately recognise Mastercard Income and Mastercard expenses in the financial statements. Previously, the £2,660,370 Mastercard expenses were netted off against Mastercard Income.

EPAYMENTS SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

28 Prior period adjustment

(Continued)

Changes to the profit and loss account - group

	Period ended 30 April 2018		
	As previously reported	Adjustment	As restated
	£	£	£
Turnover	13,285,226	2,660,370	15,945,596
Cost of sales	(2,841,305)	(2,660,370)	(5,501,675)
Profit after taxation	<u>4,956,411</u>	<u>-</u>	<u>4,956,411</u>

Changes to the profit and loss account - company

	Period ended 30 April 2018		
	As previously reported	Adjustment	As restated
	£	£	£
Turnover	13,285,226	2,660,370	15,945,596
Cost of sales	(2,841,305)	(2,660,370)	(5,501,675)
Profit after taxation	<u>4,956,411</u>	<u>-</u>	<u>4,956,411</u>