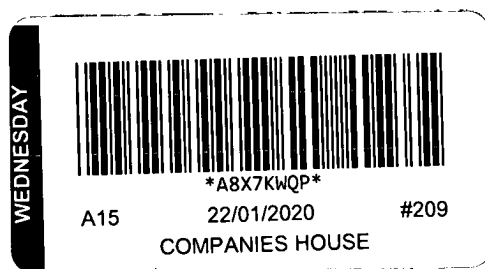


Company Registration No. 08580802 (England and Wales)

ECOMMPAY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019



ECOMMPAY LIMITED

COMPANY INFORMATION

Directors	Aleksejs Sjarki Julija Pokusajeva
Company number	08580802
Registered office	5th Floor Green Park House 15 Stratton Street London W1J 8LQ
Auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor Palladium House 1-4 Argyll Street London W1F 7LD

ECOMMPAY LIMITED

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ECOMMPAY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their strategic report for the year ended 30 June 2019.

Review of the business

ECOMMPAY LIMITED ("ECOMMPAY") during the last few years until now is demonstrating positive growth in different business verticals, providing a bespoke payment solution for merchants worldwide. The company is focusing on the growth of the merchants inside the unified platform, managing all the risks from entering new regions and optimising all the internal processes to remain the most reliable merchant partner on the market. Entering into new markets and regions, ECOMMPAY is making deep analytics in order to develop a specific product that would suit a specific niche of the business, helping merchants optimize payment flow. ECOMMPAY is promoting internet payment systems and related products on the market that connects merchants directly to Visa/MasterCard, and a variety of payment methods globally, reaching their main target to provide a money movement in one-click for ECOMMPAY's merchants and partners.

During the last 3 years, ECOMMPAY was demonstrating an average of 47.5% net revenue growth and during the current year, generated more than €74 million revenue, driven by a diversified merchant portfolio including the following business verticals: Travel, Ticketing and Entertainment, Retail, Telecom and Financial Services. Gross profit margin increased by 54% because of the pricing model change to our new and existing merchants, internal optimisation of the processes with the settlements and FX rates.

ECOMMPAY always minimises its exposure to external financial risks setting out the activities, tools and techniques to ensure that all risks are identified and a consistent approach is integrated into the business management and decision making across all the departments. Together with risk and compliance expertise, management is developing their strategy and taking decisions to fulfill their responsibilities.

Principal risks and uncertainties

Liquidity risk

ECOMMPAY's key targets are financial punctuality and avoidance of any delays with settlements to the merchants. The key factor for mitigating liquidity risk that ECOMMPAY implemented is a permanent monitoring/accounting of ECOMMPAY's current assets and their sustainable management. Due to the fact that the business process includes relationships not only with merchants, but also with counterparties (service providers), ECOMMPAY ensures a detailed study of each service provider. It is necessary to make sure that the service provider is reliable and ECOMMPAY will observe the terms of cooperation. Detailed analysis of financial flows, transactional uploads and the reconciliation of financial statements are performed within the calculation, which guarantees relevance and accuracy of data when making settlements. In cooperation with third parties, we are trying to minimise the settlement period in order to reach a daily settlement and avoid any funds being held with third parties for prolonged periods. As an additional measure, ECOMMPAY is holding excessive amounts of own funds as a constant reserve in case of liquidity risk occurrence.

Market risk

ECOMMPAY employees are from various fields to explore trends and upcoming changes on the market which allows us to prepare for such changes beforehand, thus ensuring continuity in the business processes and the provision of the most relevant solutions. New targeted niche products development allows us to regularly add new client verticals in our portfolio by getting market share from new markets.

Business risk

Business risk includes the risk of system failure, the impact of a market downturn and loss of key personnel to the business of ECOMMPAY. ECOMMPAY adheres to the practice of using previously agreed service providers, thereby reducing the risk of financial and reputational losses. More extensive resources are allocated for realization of particularly important tasks, dividing the tasks amongst several employees and implementing them with the 'Need-to-know', 'Least privilege' and 'Separation of duties' principles. Hence, the "four-eye" principle is implemented, significantly reducing the likelihood of inaccuracy, as well as supporting continuity by ensuring there will be no pending tasks in case of employee resignations.

ECOMMPAY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Business risk (continued)

ECOMMPAY has been training its staff on an ongoing basis, providing the opportunity to get the latest information which significantly increases their competence. Another important factor is setting certain tasks for every employee, setting criteria for assessing their performance and a custom motivational program based not only on financial reward. All of these factors can lead to considerable operational performance as well as mitigating business risk.

Operational risk

ECOMMPAY has been training its staff on an ongoing basis, encouraging development not only in a narrow profile of a business unit, but also in other directions within the company. Hence, employees become more competent and are able to make strategically correct decisions. Important decisions are taken by the committee where several employees from different business lines may present their views on an issue thereby reducing the risk of making wrong decisions that may lead to financial and reputational losses. ECOMMPAY maintains a Business Continuity Management (BCM) program that provides management direction during the time an incident or a disaster occurs affecting computing infrastructure, personnel, or facility of a major information technology (IT) site. This BCM program protects its personnel and assets and reduces the likelihood of a disruption to essential business functions for both itself and its customers/partners. As part of the security monitoring process to minimise the number and impact of security incidents, ECOMMPAY:

- a. has established and enforced security related policies and procedures to prevent security incidents being accidentally caused by IT personnel who have not followed or not understood change management procedures, or have improperly configured security devices, such as firewalls and authentication systems, as well as to ensure that security related policies and procedures are practical and clear;
- b. routinely performs assessment of vulnerabilities by IT Security with the appropriate clearance to perform these actions in the ECOMMPAY environment (traceable administrator rights to the systems);
- c. routinely performs checks on all computer systems and network devices to ensure that they have all the latest patches installed;
- d. routinely perform monitoring and analysis of the network traffic and system performance;
- e. routinely perform checks of all logs and logging mechanisms, including operating system event logs, application specific logs and intrusion detection system logs; and
- f. verifies back-up and restore procedures.

Regulatory risk

The employees of ECOMMPAY are in permanent communication with different authorities in order to obtain the maximum information within the minimum period of time. ECOMMPAY ensures that the merchants adopt governance practices that align with industry 'good practice', understand both regulator expectations and business processes and challenges by performing analysis of the requirements, identifies process improvement opportunities to ensure the effective and consistent management of compliance and regulatory obligations and has the ability to manage regulatory change.

Capital management risk

The company is regulated by Financial Conduct Authority (FCA) and therefore has to comply with the applicable capital adequacy requirements, taking into consideration ECOMMPAY's business portfolio and percentage separation between business verticals. This risk has been mitigated by management reviewing the financial position monthly and corrective actions are taken accordingly.

ECOMMPAY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

The main key performance indicators are:

Monthly turnover

Turnover for the year slightly decreased to €74,469,504 (2018: €83,181,475) due to the following factors:

- a. Diversification of merchant portfolio and the decrease in high-risk merchants, though this opened new opportunities in entering new markets with new products;
- b. Market changes and new regulations have forced ECOMMPAY to change strategy and avoid cooperation with different business types to be compliant and provide stable and attractive services in the market;
- c. Cooperation with new business verticals with low marginality; and
- d. New strategy to attract low-risk merchants with low marginality.

Gross profit

The gross profit margin increase of 54% is related to the diversified portfolio pattern and variable fees for different regions and business verticals, as well as for developing new products and features, including new models of settlements and FX rates which increase gross profit and more strictly manage risk.

Current merchants satisfaction level and turnover

ECOMMPAY is putting a lot of efforts to keep the satisfaction level of the merchants on a very high level and as statistics shows, retention with our current merchants is very high. The reason for this high retention level is a deep analysis of each individual merchant according to the risk matrix and business potential, developing together with the merchant business strategy for a common growth, increasing the loyalty of each merchant.

Growth in merchants

During the last year ECOMMPAY integrated more than 60 new merchants which also include merchants from new business verticals that use new products developed specifically for them. Also, cooperation with old merchants was expanded by implementing a tailored "upsale" method that helped ECOMMPAY provide only demanded payment methods for a specific industry and region, providing our merchants expertise in different sectors and suggesting them the appropriate solution.

On behalf of the board



.....
Aleksei Sjarki

Director

ECOMMPAY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

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

Principal activities

The principal activity of the company was that of acting as a payment institution providing payment services. The company is registered with the Financial Conduct Authority (FCA).

Results and dividends

The company's turnover decreased from €83,181,475 to €74,469,504 due to a very competitive market of the acquiring model income which had been forced to apply very small margin.

Gross profit percentage for the year amounted to 19% (2018: 12%).

Operating profit for the year amounted to €6,035,799 (2018: €3,096,569).

The profit before taxation amounted to €6,490,051 (2018: €3,316,614) and the profit for the year amounted to €5,227,022 (2018: €2,659,994).

The net assets as at 30 June 2019 amounted to €9,821,481 (2018: €4,594,459).

No ordinary dividends were paid during the year and the directors do not recommend payment of a final dividend.

Business review

This has been included within the strategic report.

Directors

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

Aleksejs Sjarki
Julijs Pokusajeva

Future developments

1. Technical developments to provide more flexible and stable solutions to our merchants;
2. Internal processes optimisation for more quick onboarding processes;
3. Risk optimisation to avoid liquidity problems; and
4. Individual pricing proposals for each merchant with clear fee structure to attract Tier 1 business.

ECOMMPAY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Statement of directors' responsibilities

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board



Aleksis Sjarki
Director

Date:

13th January 2020

ECOMMPAY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECOMMPAY LIMITED

Opinion

We have audited the financial statements of Ecommpay Limited (the 'company') for the year ended 30 June 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

ECOMMPAY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ECOMMPAY 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 and 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

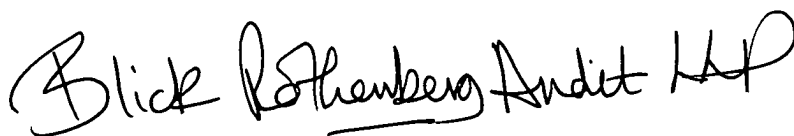
Auditor's responsibilities for the audit of the financial statements

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

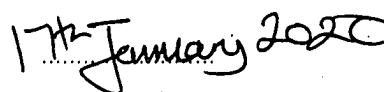
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.



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



Chartered Accountants
Statutory Auditor

Palladium House
1-4 Argyll Street
London
W1F 7LD

ECOMMPAY LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 €	2018 €
Revenue	4	74,469,504	83,181,475
Cost of sales		(60,165,974)	(72,801,355)
Gross profit		14,303,530	10,380,120
Other operating income		39,273	2,500
Administrative expenses		(8,307,004)	(7,286,051)
Operating profit	5	6,035,799	3,096,569
Investment revenues	8	454,252	220,045
Profit before taxation		6,490,051	3,316,614
Income tax expense	9	(1,263,029)	(656,620)
Profit and total comprehensive income for the year	19	5,227,022	2,659,994

The income statement has been prepared on the basis that all operations are continuing operations.

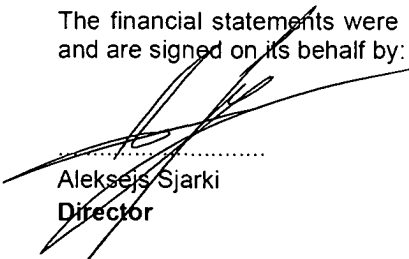
ECOMMPAY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	2019 €	2018 €
Non-current assets			
Intangible assets	10	43,690	16,785
Property, plant and equipment	11	225,124	226,104
Other receivables	12	2,791,128	-
		<u>3,059,942</u>	<u>242,889</u>
Current assets			
Trade and other receivables	12	9,822,857	21,468,024
Cash and cash equivalents		1,331,708	824,970
		<u>11,154,565</u>	<u>22,292,994</u>
Total assets		<u>14,214,507</u>	<u>22,535,883</u>
Current liabilities			
Trade and other payables	14	3,419,675	17,550,875
Current tax liabilities		930,391	347,589
		<u>4,350,066</u>	<u>17,898,464</u>
Net current assets		<u>6,804,499</u>	<u>4,394,530</u>
Non-current liabilities			
Deferred tax liabilities	15	42,960	42,960
Total liabilities		<u>4,393,026</u>	<u>17,941,424</u>
Net assets		<u>9,821,481</u>	<u>4,594,459</u>
Equity			
Called up share capital	18	4,393,837	1,464,613
Retained earnings	19	5,427,644	3,129,846
Total equity		<u>9,821,481</u>	<u>4,594,459</u>

The financial statements were approved by the board of directors and authorised for issue on 13th January 2020 and are signed on its behalf by:


Aleksejs Sjarki
Director

Company Registration No. 08580802

ECOMMPAY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Share capital €	Retained earnings €	Total €
Balance at 1 July 2017		366,154	1,568,311	1,934,465
Year ended 30 June 2018:				
Profit and total comprehensive income for the year		-	2,659,994	2,659,994
Bonus issue	18	1,098,459	(1,098,459)	-
Balances at 30 June 2018		1,464,613	3,129,846	4,594,459
Year ended 30 June 2019:				
Profit and total comprehensive income for the year		-	5,227,022	5,227,022
Bonus issue	18	2,929,224	(2,929,224)	-
Balances at 30 June 2019		4,393,837	5,427,644	9,821,481

ECOMMPAY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 €	€	2018 €	€
Cash flows from operating activities					
Cash generated from operations	25	861,573		690,353	
Tax paid		(680,227)		(585,404)	
Net cash inflow from operating activities		181,346		104,949	
Investing activities					
Purchase of intangible assets		(26,905)		(704)	
Purchase of property, plant and equipment		(101,717)		(186,389)	
Interest received		454,252		220,045	
Net cash generated from investing activities		325,630		32,952	
Net increase in cash and cash equivalents		506,976		137,901	
Cash and cash equivalents at beginning of year		824,970		695,677	
Effect of foreign exchange rates		(238)		(8,608)	
Cash and cash equivalents at end of year		1,331,708		824,970	

ECOMMPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

Ecommpay Limited is a private company limited by shares incorporated in England and Wales. The registered office is 5th Floor, Green Park House, 15 Stratton Street, London, W1J 8LQ.

The principal activity of the company was that of acting as a payment institution providing payment services.

The company is registered with the Financial Conduct Authority (FCA).

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in euros, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest €.

The financial statements have been prepared on the historical cost convention.

The principal accounting policies adopted are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated.

The financial statement comprise the statement of comprehensive income as a single statement, the statement of financial position, the statement of changes in equity and the statement of cash flows and the notes.

1.2 Going concern

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

1.3 Revenue

Revenue represents fees received or receivable from merchants for acting as a payment institution providing payment services.

Revenue consists of the following:

a) Transaction commission fees, which relate to services facilitating the process for merchants to receive cardholders' funds (acquiring services), are recognised upon the company obtaining the right to receive payment on behalf of the merchant. The right to receive payment is deemed to be upon the company confirming to the merchant that cardholder's transaction has been authorised with the card issuer.

b) Transaction commission fees, which relate to services facilitating the process for merchants to reimburse cardholders (pay-out services), are recognised upon amounts being physically paid out by the company.

c) Income from treasury management and foreign exchange services is generated from settling foreign currency transaction on behalf of the customers. Revenue is recognised when the company has fulfilled its obligation in relation to these transactions.

d) Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

ECOMMPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.4 Intangible assets other than goodwill

Research and development costs relating to trademarks have been capitalised. No amortisation has been charged in the current financial year as the trademarks are not yet in use.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

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

Fixtures, fittings & equipment	20% straight line
Computer equipment	33.33% straight line

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 income statement.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible 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.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held at banks.

1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

ECOMMPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets 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 of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.9 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received net of direct issue costs.

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 income statement 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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.

ECOMMPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

1.13 Retirement benefits

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

1.14 Leases

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.15 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into Euros at the rates of exchange ruling at the reporting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of comprehensive income.

1.16 Client bank account balances

Bank balances held on behalf of the clients who are the merchants are not recognised in the statement of financial position.

ECOMMPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

2 Adoption of new and revised standards and changes in accounting policies

Adoption of new and revised standards

The following new/revised standards relevant to the company were effective for the year ended 30 June 2019 and thus have been adopted in the preparation of these financial statements:

- IFRS 15, 'Revenue from contracts with customers'.
- IFRIC 22, 'Foreign currency transactions and advance consideration'.

The directors have considered the impact of these standards on the financial statements and are of the opinion that the adoption of these standards have not had a material impact of the financial statements or results of the company.

New, revised and amended standards not yet adopted

At the date of approval of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 16, 'Leases'. This new standard is effective for annual periods beginning on or after 1 January 2019.
- IFRIC 23, 'Uncertainty over income tax treatments'. This new interpretation is effective for annual periods beginning on or after 1 January 2019.

The directors are currently assessing the impact of these standards and interpretations on the financial statements and anticipate that the adoption of the standards and interpretations in future periods will not have a material impact on the financial statements or results of the company.

3 Critical accounting estimates and judgements

In the application of the company'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.

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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Impairment of trade receivables

The company reviews the trade receivables balance for impairment on a regular basis. In making this judgement, the company evaluate and reconcile merchant balances. Any balance that is not considered recoverable is recognised as an impairment loss through the profit or loss. The accounting policy of trade receivables is described in note 1.8. At the year end the carrying amount of trade receivables is stated in note 12.

ECOMMPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

4 Revenue

An analysis of the company's revenue is as follows:

	2019 €	2018 €
Revenue analysed by geographical location		
EU	64,314,744	61,103,400
United Kingdom	10,030,266	22,066,097
Non-EU	124,494	11,978
	<u>74,469,504</u>	<u>83,181,475</u>

	2019 €	2018 €
Revenue analysed by class of business		
Acquiring services	57,862,312	65,915,201
Pay-out services	16,607,192	17,266,274
	<u>74,469,504</u>	<u>83,181,475</u>

	2019 €	2018 €
Other significant revenue		
Interest income	<u>454,252</u>	<u>220,045</u>

5 Operating profit

	2019 €	2018 €
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(6,401,977)	(4,907,711)
Fees payable to the company's auditor for the audit of the company's financial statements	87,000	139,093
Depreciation of property, plant and equipment	<u>102,697</u>	<u>57,689</u>

ECOMMPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

6 Employees

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

	2019 Number	2018 Number
Directors	2	2
Managers	4	4
Operations and customer service department	43	57
Financial department	18	14
Strategic affairs and development	12	10
Risk management	25	30
Product development and management	-	10
Project development	12	-
Administrative department	37	-
Legal advisors	4	-
PR and marketing specialist	1	-
	<u>158</u>	<u>127</u>

Their aggregate remuneration comprised:

	2019 €	2018 €
Wages and salaries	4,032,631	2,798,702
Social security costs	874,183	589,190
Pension costs	13,493	1,193
	<u>4,920,307</u>	<u>3,389,085</u>

7 Directors' remuneration

	2019 €	2018 €
Remuneration for qualifying services	<u>95,141</u>	<u>61,345</u>

ECOMMPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

8 Investment income

	2019 €	2018 €
Interest income		
Bank deposits	54,751	14,948
Other interest income	399,501	205,097
Total interest revenue	<u>454,252</u>	<u>220,045</u>

Total interest income for financial assets that are not held at fair value through profit or loss is €54,751 (2018 - €14,948).

9 Income tax expense

	2019 €	2018 €
Current tax		
UK corporation tax on profits for the current period	1,256,059	579,193
Foreign taxes and reliefs	6,970	34,467
	<u>1,263,029</u>	<u>613,660</u>
Deferred tax		
Origination and reversal of temporary differences	-	42,960
	<u>-</u>	<u>42,960</u>
Total tax charge	<u>1,263,029</u>	<u>656,620</u>

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

	2019 €	2018 €
Profit before taxation	<u>6,490,051</u>	<u>3,316,614</u>
Expected tax charge based on a corporation tax rate of 19.00%	1,233,110	630,157
Effect of expenses not deductible in determining taxable profit	70,769	19,673
Change in unrecognised deferred tax assets	-	42,960
Permanent capital allowances in excess of depreciation	(19,328)	(35,272)
Other differences	(21,522)	(898)
Taxation charge for the year	<u>1,263,029</u>	<u>656,620</u>

ECOMMPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

10 Intangible assets

	Development Costs €
Cost	
At 1 July 2017	16,081
Additions	704
	<hr/>
At 30 June 2018	16,785
Additions	26,905
	<hr/>
At 30 June 2019	43,690
	<hr/>
Carrying amount	
At 30 June 2019	43,690
	<hr/> <hr/>
At 30 June 2018	16,785
	<hr/> <hr/>
At 30 June 2017	16,081
	<hr/> <hr/>

11 Property, plant and equipment

	Fixtures, fittings & equipment €	Computer equipment €	Total €
Cost			
At 1 July 2017	22,800	96,326	119,126
Additions	32,532	153,857	186,389
	<hr/>	<hr/>	<hr/>
At 30 June 2018	55,332	250,183	305,515
Additions	17,644	84,073	101,717
	<hr/>	<hr/>	<hr/>
At 30 June 2019	72,976	334,256	407,232
	<hr/>	<hr/>	<hr/>
Accumulated depreciation and impairment			
At 1 July 2017	2,497	19,225	21,722
Charge for the year	3,248	54,441	57,689
	<hr/>	<hr/>	<hr/>
At 30 June 2018	5,745	73,666	79,411
Charge for the year	7,082	95,615	102,697
	<hr/>	<hr/>	<hr/>
At 30 June 2019	12,827	169,281	182,108
	<hr/>	<hr/>	<hr/>

ECOMMPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

11 Property, plant and equipment

(Continued)

	Fixtures, fittings & equipment €	Computer equipment €	Total €
Carrying amount			
At 30 June 2019	60,149	164,975	225,124
At 30 June 2018	49,587	176,517	226,104
At 30 June 2017	20,303	77,101	97,404

12 Trade and other receivables

	Current 2019 €	2018 €	Non-current 2019 €	2018 €
Trade receivables	8,818,695	8,420,797	-	-
Other receivables	381,168	307,800	-	-
Amount owed by parent undertaking	-	12,352,521	2,791,128	-
Amounts owed by fellow group undertakings	427,778	208,543	-	-
Prepayments	195,216	178,363	-	-
	<u>9,822,857</u>	<u>21,468,024</u>	<u>2,791,128</u>	<u>-</u>

Trade receivables are stated net of a provision for irrecoverable merchant payments and bad debts amounting to €334,465 (2018: €947,689).

Other receivables include rent deposits amounting to €281,000 (2018: €281,000) due after more than one year.

13 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

The directors consider that no other material receivable balances are impaired at the reporting end date.

ECOMMPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

14 Trade and other payables

	Current 2019 €	2018 €
Trade payables	227,466	8,879,386
Amounts owed to related parties	2,249,216	7,887,032
Accruals	539,712	475,309
Social security and other taxation	185,557	144,678
Other payables	217,724	164,470
	<u>3,419,675</u>	<u>17,550,875</u>

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs €
Deferred tax liability at 1 July 2017	-
Deferred tax movements in prior year	
Charge to profit or loss	42,960
Deferred tax liability at 1 July 2018 and 30 June 2019	<u>42,960</u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2019 €	2018 €
Deferred tax liabilities	<u>42,960</u>	<u>42,960</u>

ECOMMPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

16 Financial assets and financial liabilities

The company holds the following financial instruments:

	2019 €	2018 €
Financial assets at amortised cost		
Trade receivables	8,818,695	8,420,797
Other receivables	381,168	307,800
Amount due from parent undertaking	2,791,128	12,352,521
Amounts due from fellow group undertakings	427,778	208,543
Cash and cash equivalents	1,331,708	824,970
	<u>13,750,477</u>	<u>22,114,631</u>
	2019 €	2018 €
Financial liabilities at amortised cost		
Trade payables	227,466	8,879,386
Amounts due to related parties	2,249,216	7,887,032
Accruals	539,712	475,309
Other payables	217,724	164,470
	<u>3,234,118</u>	<u>17,406,197</u>

17 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is €13,493 (2018: €1,193).

18 Share capital

	2019 €	2018 €
Ordinary share capital		
<i>Issued and fully paid</i>		
1 Ordinary share of £1 each	1	1
4,393,836 Ordinary shares of €1 each	4,393,836	1,464,612
	<u>4,393,837</u>	<u>1,464,613</u>

The company's Memorandum of Association does not limit its authorised share capital.

During the year, the company issued 2,929,224 bonus shares of €1 each by way of capitalisation.

ECOMMPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

		(Continued)
18	Share capital	2019 2018

Reconciliation of movements during the year:

	Number
At 1 July 2018	1,464,613
Issue of fully paid bonus shares	2,929,224
At 30 June 2019	<u>4,393,837</u>

19 Retained earnings

	2019 €	2018 €
At the beginning of the year	3,129,846	1,568,311
Profit for the year	5,227,022	2,659,994
Bonus issue charged to retained earnings	(2,929,224)	(1,098,459)
At the end of the year	<u>5,427,644</u>	<u>3,129,846</u>

20 Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2019 €	2018 €
Minimum lease payments under operating leases	<u>1,200,303</u>	<u>1,105,780</u>

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 €	2018 €
Land and buildings		
Within one year	1,204,596	1,096,514
Between two and five years	1,856,866	2,593,041
	<u>3,061,462</u>	<u>3,689,555</u>

ECOMMPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

21 Capital risk management

The company is subject to the capital requirements imposed by the Financial Conduct Authority (FCA). The FCA requires the company to maintain a minimum level of capital of €125,000 which was complied with throughout the year.

22 Financial risk management

Market risk - Foreign currency risk

This is the risk arising from fluctuations in currency exchange rates. Currency risk exists, in particular, where assets, receivables and liabilities exist or arise in a different currency to the company's functional currency. The currency risks are mitigated by the management closely monitoring the fluctuations of the currencies and obtaining favourable exchange rates as far as possible.

Credit risk

The risk arising from the merchants (who are the customers of the company) who face difficulties due to their client's failure to comply with the International Card Organisation's rules and as such the company may incur fines or chargebacks.

This risk has been mitigated by an agreement between the merchant and the company to hold back the merchant's funds if such transactions occur. Also, the company has incorporated a "Fraud-Stop" in-house intelligence system, which features innovative tools for predicting, assessing, detecting and preventing fraudulent transactions, which is being constantly monitored and upgraded.

Liquidity risk

The company ensures that there are available funds in the merchant's account prior to making payments to the merchant, thereby ensuring that the company does not take any financial risk of a transaction.

The company actively monitors its financial position to ensure that adequate funding is available at all times to meet its commitments as they arise.

23 Related party transactions

Remuneration of key management personnel

The remuneration of the directors, together with other key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2019 €	2018 €
Short-term employee benefits	881,367	675,475

No guarantees have been given to or received from related parties during the year.

ECOMMPAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

23 Related party transactions

(Continued)

Other related party transactions

Cost of sales include payments made to Ecommpay Ltd (Cyprus), a company under common control for processing services amounting to €5,093,263 (2018: €5,553,411). As at the year end, the amount owed to Ecommpay Ltd (Cyprus) amounted to €1,809,514 (2018: €6,766,251).

Cost of sales include payments made to Invitro Services Limited, a company under common control for services provided amounting to €10,658,621 (2018: €2,570,921). As at the year end, the amounts owed to Invitro Services Limited amounted to €439,702 (2018: €1,120,781).

Administrative expenses include rental payments made to SIA CHOKO, a company under common control, totalling €1,111,497 (2018: €974,399).

Ecommpay Limited provides loan facilities to its parent company Ecommpay Holdings Limited. The facilities are unsecured, charge interest between 2-5%, and are repayable between 11 May 2021 and 13 August 2022. Other interest income includes interest receivable amounting to €399,501 (2018: €205,097) in relation to these facilities. The balance due to Ecommpay Limited as at the year end was €2,791,128 (2018: €12,352,521) as disclosed in note 12.

24 Controlling party

The immediate and ultimate parent company is Ecommpay Holding Limited, a company incorporated in Cyprus. Ecommpay Holding Limited prepares group financial statements and copies can be obtained from 73, Archbishop Makarios III Avenue, Methonis Tower, 4th Floor, 1070 Nicosia, Cyprus.

The ultimate controlling party during the year was Aleksejs Sjarki.

25 Cash generated from operations

	2019 €	2018 €
Profit for the year after tax	5,227,022	2,659,994
Adjustments for:		
Taxation charged	1,263,029	656,620
Interest received	(454,252)	(220,045)
Depreciation of property, plant and equipment	102,697	57,689
Foreign exchange gains on cash and cash equivalents	238	8,608
Movements in working capital:		
Decrease/(increase) in trade and other receivables	8,854,039	(10,614,936)
(Decrease)/increase in trade and other payables	(14,131,200)	8,142,423
Cash generated from operations	861,573	690,353