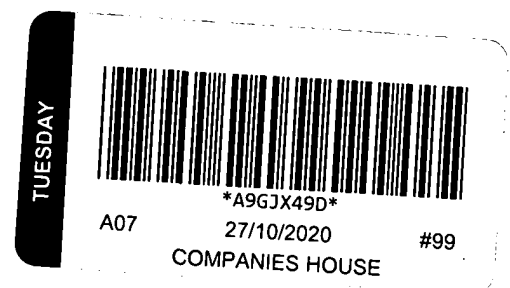


Company. Registered
number: 09135633

WEPAY PAYMENTS LTD.

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



WEPAY PAYMENTS LTD.

Company Information

Directors

William Dominic Clerico
Dara Quinn
Matthew Floate

Company secretaries

J.P. Morgan Secretaries (UK) Limited
Hina Patel

Registered number

09135633

Registered office

25 Bank Street
Canary Wharf
London
E14 5JP

Independent auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

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WEPAY PAYMENTS LTD.

Directors' Report

The directors present their report and the audited financial statements of WePay Payments Ltd. for the year ended 31 December 2019. The Company is part of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm"). The registered number of the Company is 09135633.

Introduction

The Company is incorporated and domiciled in England and is an indirect subsidiary of JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm"). JPMorgan Chase is a financial holding Company incorporated under Delaware law in 1968, it is a leading global financial services firm and one of the largest banking institutions in the United States of America ("U.S."), with operations worldwide. The Company had £19 million in assets and £19 million in total equity as of 31 December 2019.

Principal activities

The principal activity of the Company is to provide payment processing services to platform businesses.

Business review

The directors are satisfied with the performance of the Company with core businesses performing in line with expectations.

The Company's core business of providing payment processing services to platform businesses performed as expected in 2019. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence, and as the Company has over £19,000,000 of capital, the directors will continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Post balance sheet event

The Firm is monitoring Coronavirus Disease 2019 ("COVID-19"), based on the guidance being provided by the relevant health and government authorities, and continues to implement protocols and processes in response to the spread of the virus. For more detail on Firmwide measures refer to operational risk (page 21). Given the activity of the Company, COVID-19 may impact the levels of transaction losses that could be incurred by the Company. At the time of approval of these financial statements, the Company has not observed unusual trends in the level of transaction losses and therefore cannot quantify the final impact on the financial position or operations as a result of the COVID-19 pandemic. To date, the Company is not aware of any material adverse impact and will continue to monitor the development of the pandemic over the coming year. Refer post balance sheet events (note 18).

WEPAY PAYMENTS LTD.

Directors' Report (continued)

Business environment, strategy and future outlook

WePay Payments Ltd. is a UK company exclusively servicing UK merchants and as such is not directly impacted by Brexit. However, WePay Payments Ltd. is a strategic part of the Firmwide Brexit Implementation programme as it could potentially be used to process all UK payment transactions currently being processed in the EU.

The Firm currently expects to be able to continue to provide payment transaction services in the UK from our EU entities under the UK temporary permissions regime (TPR).

The Firmwide Brexit Implementation programme will consider whether and to what extent the in-scope UK activities of a relevant EU legal entity may need to transition to WePay Payments Ltd. in line with future TPR developments.

Results and dividends

The loss, after taxation, amounted to £300,132 and £574,942, for 2019 and 2018, respectively. No dividends were proposed or paid during the current or previous year.

Financial key performance indicators (KPIs)

The results are monitored against expectations of the business activities. The directors monitor progress on the performance of the Company using various metrics. The primary KPIs are set out below:

Financial Performance

	2019 £	2018 £
Income statement		
Net loss	(300,132)	(574,942)
Balance sheet		
Total assets	19,241,075	19,603,581
Total value of transactions processed	16,730,103	11,098,861

Financial risk management

The board of Directors monitors the Company's financial and operational risks and has responsibility for ensuring effective risk management and control. Further details are set out in note 17 to the financial statements.

WEPAY PAYMENTS LTD.

Directors' Report (continued)

Directors

The directors who served in office during the year and up to the date of the approval of the financial statements were:

William Dominic Clerico

Matthew Floate

Dara Quinn (appointed on 1 April 2019)

Richard Brandon Aberman (terminated on 2 April 2019)

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

WEPAY PAYMENTS LTD.

Directors' Report (continued)

Directors' interest

None of the directors have any beneficial interest in the Company.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Qualifying third party indemnity provision

An indemnity is provided to the directors of the Company under the By-Laws of JPMorgan Chase & Co. against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity was in force during the financial year and also at the date of approval of the financial statements. A copy of the by-laws of JPMorgan Chase & Co. is available from the registered office address of the Company.


Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, were appointed to perform the statutory audit, and they will be proposed for reappointment in accordance with section 485 of the UK Companies Act 2006.

Strategic report exemption

No strategic report has been presented as permitted by section 414B (b) of the Companies Act 2006.

By order of the board



Matthew Floate
Director

21 October 2020

Independent Auditors' Report to the Members of WePay Payments Ltd.

Report on the audit of the financial statements

Opinion

In our opinion, WePay Payments Ltd.'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

Independent Auditors' Report to the Members of WePay Payments Ltd.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors

Independent Auditors' Report to the Members of WePay Payments Ltd.

are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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


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

We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Members of WePay Payments Ltd.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Sheena Coutinho (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 October 2020

WEPAY PAYMENTS LTD.

Statement of Comprehensive Income

	Note	2019 £	2018 £
Turnover	5	275,613	192,366
Operating expenses		(580,758)	(649,395)
Transaction loss		-	(115,666)
Operating loss before interest and taxation		(305,145)	(572,695)
Interest receivable and similar income	9	5,456	2,856
Interest payable and similar expenses		-	0
Net interest income		5,456	2,856
Loss before taxation		(299,689)	(569,839)
Taxes on losses	12	(443)	(5,103)
Loss for the financial year		(300,132)	(574,942)

There was no other comprehensive income for 2019 and 2018. As a result, loss for the financial year represents total comprehensive income or loss in both the current and prior financial year.

The notes on pages 12 to 22 form an integral part of these financial statements.

WEPAY PAYMENTS LTD.

Statement of Financial Position

		As at 31 December	
	Note	2019 £	2018 £
Current assets			
Debtors	10	76,464	105,914
Cash at bank and in hand		19,191,275	19,497,667
		<u>19,267,739</u>	<u>19,603,581</u>
Creditors: amounts falling due within one year	11	(575,405)	(611,115)
Net current assets		<u>18,692,334</u>	<u>18,992,466</u>
Total assets less current liabilities		<u>18,692,334</u>	<u>18,992,466</u>
Net assets		<u>18,692,334</u>	<u>18,992,466</u>
Capital and reserves			
Called-up share capital	14	1	1
Capital redemption reserve		19,500,000	19,500,000
Profit and loss account		(807,667)	(507,535)
Total equity		<u>18,692,334</u>	<u>18,992,466</u>

The notes on pages 12 to 22 form an integral part of these financial statements. The financial statements were approved and authorized for issue by the board of directors on 20 October 2020 and were signed on its behalf by:



Matthew Floate
Director

21 October 2020

WePay Payments Ltd.
Registered no. 09135633

WEPAY PAYMENTS LTD.

Statement of Changes in Equity

	Note	Called-up share capital £	Capital redemption reserve £	Equity settled share based payments £	Retained earnings/ accumulated loss £	Total equity £
At 1 January 2018		1	1,500,000	11,680	55,727	1,567,408
Transfer to profit and loss				(11,680)	11,680	-
Loss for the year		-	-	-	(574,942)	(574,942)
Capital contribution	15	-	18,000,000	-	-	18,000,000
At 31 December 2018		1	19,500,000	-	(507,535)	18,992,466
Loss for the year		-	-	-	(300,132)	(300,132)
At 31 December 2019		1	19,500,000	-	(807,667)	18,692,334

The notes on pages 12 to 22 form an integral part of these financial statements.

WEPAY PAYMENTS LTD.

Notes to the Financial Statements

1. General information

WePay Payments Ltd. (the "Company") is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is 25 Bank Street, Canary Wharf, London, E14 5JP, England.

2. Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

a. Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies (see note 4).

Certain amendments have been made to the presentation of the financial statements to provide more information and to conform with presentation of accounts of other entities of the firm.

b. Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of signing this report.

WEPAY PAYMENTS LTD.

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

c. Exemptions for qualifying entities under FRS 102

The Company was determined to be a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. It was determined that US GAAP which is applied in the consolidated financial statements of the group is 'intended to give a true and fair view'. As a result, the Company has taken advantage of the following disclosure exemptions in preparing its financial statements, as permitted by FRS 102:

2. A reconciliation of the number of shares outstanding at the beginning and end of the period.
3. The requirement to prepare a statement of cash flows.
4. Certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
5. Certain disclosure requirements of Section 26 in respect of share-based payments provided that (i) for a subsidiary the share-based payment concerns equity instruments of another group entity; or (ii) for an ultimate parent the share-based payment concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the group; and in both cases the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
6. Key management personnel compensation in total.

This information is included in the consolidated financial statements of JPMorgan Chase & Co. as at 31 December 2019 and these financial statements may be obtained from JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017-2036, United States of America.

d. Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The operations of the Company are mainly executed in GBP. The financial statements are presented in GBP, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the reporting date

WEPAY PAYMENTS LTD.

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

e. Turnover

Revenues are accounted for on an accruals basis. Revenue is measured at the fair value of the consideration received. All services provided by the company are exempt from VAT. The following criteria must also be met before revenue is recognised.

Rendering of Services.

Revenue from the provision of payment services is recognised when the service is provided. Due to the electronic nature of these services the services are delivered almost immediately once the company accepts and processes transactions submitted by the merchant.

f. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions held at call with banks. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

g. Debtors

Short term debtors represent settlement and fees receivable and are measured at transaction price, less any impairment and losses.

h. Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties. Basic financial assets and liabilities that are payable or receivable within one year, typically trade payables and receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

i. Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

WEPAY PAYMENTS LTD.

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

j. Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

k. Provisions for chargebacks

Under the rules of Visa Inc. and MasterCard International, merchant services processing guarantees represent the company's intermediary obligations in connection with: (i) providing transaction processing services to various merchants; and (ii) potential liability for merchant processing services where the merchant does not deliver on goods or services owed to the cardholder. A liability in either case may arise as a result of a billing dispute between a merchant and a cardholder that is ultimately resolved in the cardholder's favour; however, the merchant is ultimately liable to refund the amount to the cardholder. However, in very rare cases, where the company is unable to collect this amount from the merchant, the company bears the loss for the amount of the refund payable to the cardholder.

The risk of such liabilities materializing is first mitigated as the cash flows between the company and the merchant are settled on a net basis, and the company has the right to offset any settlements to the merchants with incoming cash that is otherwise due to the merchant. The company further mitigates this risk by withholding future settlements, retaining cash reserve amounts or by obtaining other security. The company reviews the provision for chargebacks on a monthly basis based on expected and potential losses in its merchant acquiring portfolio.

l. Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

WEPAY PAYMENTS LTD.

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

I. Current and deferred taxation (continued)

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

1. The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
2. Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors concluded that, due to the nature of the business, there are no critical accounting judgements or key sources of estimation uncertainty that are required to be disclosed here.

5. Turnover

The whole of the turnover is attributable to the principal activity of the Company. 100% of the turnover arose from the provision of services within the United Kingdom.

	2019	2018
	£	£
Fees from external parties	275,613	192,366

WEPAY PAYMENTS LTD.

Notes to the financial statements (continued)

6. Operating loss

The operating loss is stated after charging:

	2019	2018
	£	£
Trade subscriptions	2,589	5,538
Legal and professional	30,011	30,024
Provision for chargebacks	-	115,666
Recharges	8,985	12,558
Audit fees payable to the Company's auditor	107,100	224,905

Included in profit and losses for 2019 are expenses in relation to professional services provided by other JP Morgan undertakings amounting to £143,495 (2018: £107,255). Until last year, amounts paid was disclosed as 'Wages and Salaries and other benefits', still grouped within Administrative expenses. Prior years' presentation has been changed to be consistent with current year's presentation.

7. Auditors' remuneration

	2019	2018
	£	£
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	107,100	224,905

Audit fees payable to the auditors for the current year is £ 89,250 before tax gross up. Prior year amount includes £116,583 that relates to the 2017 year-end audit.

8. Directors' emoluments

	2019	2018
	£	£
Directors' emoluments	24,818	88,886
Total contributions to a defined contribution plan	191	-
Total contributions to a defined benefit pension plan	87	122

Number of directors to whom defined contribution pension rights accrued	2	1
Number of directors to whom defined benefit pension rights accrued	2	2

WEPAY PAYMENTS LTD.

Notes to the financial statements (continued)

8. Directors' emoluments (continued)

In accordance with the Companies Act 2006, the directors' emoluments above represent the proportion paid or payable in respect of qualifying services only. Directors also received emoluments for non-qualifying services, which are not required to be disclosed. Current year emoluments have been determined in line with group wide approach.

The directors are employees of other companies in the Firm and all expenses, including remuneration, are paid by those companies and recharged to the Company for one director.

Highest paid director

The emoluments of the highest paid director is under £200,000 which is not required to be disclosed under the requirements of the Companies Act 2006.

9. Interest receivable and similar income

	2019	2018
	£	£
Bank interest received	<u>5,456</u>	<u>2,856</u>

10. Debtors

	2019	2018
	£	£
Other debtors	-	30,889
Prepayments and accrued income	76,464	70,485
Current tax receivable	-	4,540
	<u>76,464</u>	<u>105,914</u>

11. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Other creditors	161,363	306,349
Provisions for chargebacks	64,612	82,096
Accruals and deferred income	349,430	222,670
	<u>575,405</u>	<u>611,115</u>

WEPAY PAYMENTS LTD.

Notes to the financial statements (continued)

12. Tax on loss

	2019 £	2018 £
Corporation tax		
Current tax on loss for the year	<u>443</u>	<u>5,042</u>
Total current tax	<u>443</u>	<u>5,042</u>
Deferred tax		
Current year	-	68
Origination and reversal of timing differences	-	(7)
Total deferred tax	<u>-</u>	<u>61</u>
Taxation on loss on ordinary activities	<u>443</u>	<u>5,103</u>

Factors affecting the tax charge for the year

The tax assessed for the year is the same as 2018, and it is the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) as set out below:

	2019 £	2018 £
(Loss)/profit before taxation	<u>(299,689)</u>	<u>(569,839)</u>
(Loss)/Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	<u>(56,941)</u>	<u>(108,269)</u>
Effects of:		
Adjustment in respect of prior years	-	5,042
Loss unavailable for use	-	68
Tax rate changes	-	(7)
Effects of overseas tax rates	443	-
Effect of group relief/other reliefs	<u>56,941</u>	<u>108,269</u>
Tax charge for the period	<u>443</u>	<u>5,103</u>

13. Deferred taxation

	2019 £	2018 £
At beginning of year	-	61
Charged to profit or loss	-	(61)
At end of year	<u>-</u>	<u>-</u>
-	-	-
The deferred tax asset is made up as follows:	<u>-</u>	<u>-</u>
Tax losses carried forward	<u>-</u>	<u>-</u>

WEPAY PAYMENTS LTD.

Notes to the financial statements (continued)

14. Called up share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2019: 1 Ordinary share of £1	<u>1</u>	<u>1</u>

15. Related party transactions

See note 8 for disclosure of the directors' remuneration.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

16. Controlling party

The immediate parent undertaking is JPMorgan International Finance Limited.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is JPMorgan Chase & Co., which is incorporated in Delaware, United States of America. Group financial statements may be obtained from JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017-2036, United States of America.

17. Financial risk management

Risk management is an inherent part of the Company's business activities. The Company's overall objective is to manage its businesses, and the associated risks, in a manner that balances serving the interests of its clients and customers and protects the safety and soundness of the Company.

The Firm's and the Company's risk management framework seeks to mitigate risk and loss to the Firm and Company. The Firm has established processes and procedures intended to identify, measure, monitor, report and analyse the types of risk to which the Firm and Company are subject. However, as with any risk management framework, there are inherent limitations to the Firm's and Company's risk management strategies because there may exist, or develop in the future, risks that the Firm and Company have not appropriately anticipated or identified.

The Company exercises oversight through the Board of Directors which are aligned to the Company's risk management framework and regulatory requirements.

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Notes to the financial statements (continued)

17. Financial risk management (continued)

Risk Summary

The following summarizes the key risks inherent to the Company's business activities.

Capital risk – The risk that the Company has an insufficient level and composition of capital to support the Company's business activities, and associated risks during normal economic environments and stressed conditions. The Company evaluates the sufficiency and composition of capital regularly. In addition, the Company meets the requirements of the FCA Handbook COND (Threshold Conditions) Section 2.4, holding appropriate resources in relation to its regulated activity.

Credit risk – The risk of loss arising from the default of a customer, client or counterparty. The Company is exposed to merchants defaulting on chargebacks from their customers. The Company does not directly insure against this risk. However, the Company evaluates the financial situation and industry categories of the merchants for risks arising from credit and fraud issues. For higher risk categories, the Company's risk policy may require funds from clients be held in the form of reserves, and the reserves can be used to mitigate risk exposure in the event of chargebacks and refunds. In addition, the Company monitors all incoming and outgoing payments to merchants. When there is a chargeback, the Company will attempt to immediately recover the amount from the merchant, and when chargebacks are not recoverable, the Company then takes a transaction loss. In revenue share situation, should there be unrecoverable chargebacks from the merchants, the partner shares the loss with the Company.

Compliance risk – The risk of failure to comply with applicable laws, rules and regulations. Changes in regulatory landscape and other potential market events, such as Brexit, are analysed on an ongoing basis and the potential impacts are clarified as and when information becomes available. The Company considers these risks on a regular basis and advises their merchants and partners.

Operational risk – The risk associated with inadequate or failed internal processes, people or systems, or from external events. The Company continues to examine and monitor the internal controls and processes to ensure they are adequate.

The Firm is monitoring the COVID-19 pandemic closely, based on the guidance being provided by the relevant health and government authorities, and continues to implement protocols and processes in response to the spread of the virus. The Firm has organised a central team to

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Notes to the financial statements (continued)

17. Financial risk management (continued)

Risk Summary (continued)

continue to consider what steps should be taken around the globe to protect our employees, prepare our businesses, and serve our clients and the communities where we live and work. In addition, teams across functions, businesses and regions continue to meet regularly to understand the global situation and to ensure any emerging developments relating to the well-being of our employees or the resiliency of our businesses are addressed quickly. Our business remains operational and senior leaders across the firm continue to monitor operational metrics.

Reputational risk – The potential that an action, inaction, transaction, investment or event will reduce trust in the Firm and the Firm's integrity or competence by our various constituents, including clients, counterparties, regulators, employees and the broader public.

Maintaining the Firm's and the Company's reputation is the responsibility of employee, service providers, and board of directors. The Firm's Reputation Risk Governance policy explicitly vests each employee with the responsibility to consider the reputation of the Firm when engaging in any activity. In addition to the on-going employee training, the Firm has reputation risk governance infrastructure in place to support the consistent identification, escalation, management and monitoring of reputation risk issues.

18. Post balance sheet event

The Firm is monitoring Coronavirus Disease 2019 ("COVID-19"), based on the guidance being provided by the relevant health and government authorities, and continues to implement protocols and processes in response to the spread of the virus. For more detail on Firmwide measures refer to operational risk (page 21). Given the activity of the Company, COVID-19 may impact the levels of transaction losses that could be incurred by the Company. At the time of approval of these financial statements, the Company has not observed unusual trends in the level of transaction losses and therefore cannot quantify the final impact on the financial position or operations as a result of the COVID-19 pandemic. To date, the Company is not aware of any material adverse impact and will continue to monitor the development of the pandemic over the coming year.