

Registered number: 09135633

WEPAY PAYMENTS LTD.

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



WEPAY PAYMENTS LTD.
Company Information

Directors	William Dominic Clerico Richard Brandon Aberman Matthew Floate
Company secretary	J.P. Morgan Secretaries (UK) Limited
Registered number	09135633
Registered office	25 Bank Street Canary Wharf London E14 5JP
Independent auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
Bankers	Wells Fargo Bank 1 Plantation Place 30 Fenchurch Street London EC3M 3BD

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WEPAY PAYMENTS LTD.

Strategic Report

The directors present the Strategic Report of WePay Payments Ltd. (the "Company") for the year ended 31 December 2017.

Introduction

The Company is incorporated and domiciled in the United Kingdom. It is a 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 £2.0 million in assets and £1.6 million in total shareholder's equity as of 31 December 2017.

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 had a successful year in its core business of providing payment processing services to platform businesses. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence, and the Company relies on the continued support from its immediate parent company JPMorgan Chase. On that basis, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Business environment, strategy and future outlook

On 23 June 2016, the UK voted by referendum to leave the European Union ("Brexit"). The UK Government invoked Article 50 of the Lisbon Treaty on 29 March 2017, starting a two year period for the formal exit negotiations. This means that the UK will leave the EU on 29 March 2019 assuming the timeline is not unanimously extended by the remaining 27 EU Member States ("EU 27") and the UK. Formal negotiations began on 19 June 2017. In December 2017, the EU27 agreed that 'sufficient progress' had been made on the terms of the UK's withdrawal to allow parallel talks on the future relationship, and on 23 March 2018, the European Council announced a political agreement with the UK for a 21-month transition period, and adopted negotiating guidelines on the long-term agreement.

The UK's priorities in negotiating the future relationship are to seek a bilateral free trade agreement with the EU27 that facilitates the 'greatest possible access' to the Single Market, but that the UK will not seek to continue its membership of the Single Market. The current EU position, as set out in Council negotiating directives, is that negotiations will address trade in both goods and services, with the aim of allowing market access under host state rules, but that any future framework should safeguard financial stability in the EU and respect its regulatory and supervisory regime. Formal talks on the broad set of future relationship issues began in early April. On 23 March EU leaders confirmed that a political agreement had been reached with the UK that provisions for a 21-month transition period following Brexit to be included in the Withdrawal Agreement. The Withdrawal agreement will need to be ratified by the UK and European Parliament before the UK's official exit date of 29 March 2019.

WEPAY PAYMENTS LTD.
Strategic Report
(continued)

Brexit will have significant impact across the Firm's European businesses, including business and legal entity reorganisation. However, the situation remains highly uncertain, including in relation to whether a transition period is secured and whether financial services will be included in any future free trade agreement.

The impact of Brexit on the Company's business model and risks will continue to be assessed as part of the Firmwide strategy in considering a Strategic post-Brexit legal entity structure.

Risk Management

Risk 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.

JPMorgan Chase'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 analyze the types of risk to which the Firm is subject. However, as with any risk management framework, there are inherent limitations to the Firm's risk management strategies because there may exist, or develop in the future, risks that the Firm has not appropriately anticipated or identified.

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

Risk Summary

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

Capital risk – The risk that 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.

To ensure that the Company have sufficient capital to support the Company's business activities, capital needs are assessed regularly. The Company relies on the continued support from its immediate parent company JPMorgan Chase.

Credit risk – The risk of loss arising from the default of a customer, client or counterparty. The Company is exposed merchants defaulting on chargebacks, from their customers. The Company does not directly insure against this risk but does monitor the financial situation of both the merchants and the partners. 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 chargeback, 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.

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

WEPAY PAYMENTS LTD.
Strategic Report
(continued)

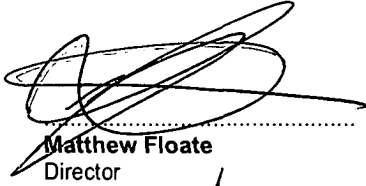
Maintaining the Company's reputation is the responsibility of each individual employee. The Firm's Reputation Risk Governance policy explicitly vests each employee with the responsibility to consider the reputation of the Firm when engaging in any activity. In addition to the on-going to employee training,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

Financial key performance indicators

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	2017	2016
Net profit	£15,127	£40,600
Total assets	£1,965,673	£263,789
Total value of transactions processed	£4,235,618	£816,113

This report was approved by the board and signed on its behalf.



Matthew Floate
Director

Date: 19/11/18

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 2017. The Company is part of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm"). The registered number of the Company is 09135633.

Financial risk management

Please refer to the Strategic Report where the business review, including a summary of future outlook and financial risk management, have been disclosed in the Strategic Report.

Results and dividends

The profit for the year, after taxation, amounted to £15,127 (2016: £40,600). No dividends were proposed or paid during the year.

Directors

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

Rob Fernandes (resigned 31 December 2017)
William Dominic Clerico
Richard Brandon Aberman
Matthew Floate (appointed 23 March 2018)

Directors' interest

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

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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

WEPAY PAYMENTS LTD.
Directors' Report
(continued)

Disclosure of information to auditors

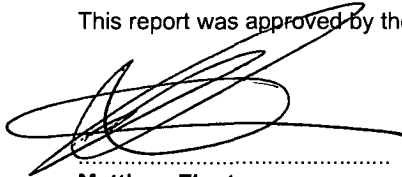
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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 Companies Act 2006.

This report was approved by the board and signed on its behalf.



Matthew Floate
Director

Date: 19/11/18

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 2017 and of its profit 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 2017; 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 when:

- 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.

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.

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

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 Strategic Report and 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.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 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 Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, 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 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.

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

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.

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

18 November 2018

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WEPAY PAYMENTS LTD.
Statement of Comprehensive Income

	Note	2017 £	2016 (restated) £
Turnover	5	417,496	404,134
Operating Profit		417,496	404,134
Administrative expenses		(397,935)	(368,156)
Operating profit		19,561	35,978
Interest income		23	112
Interest expense		(4)	-
Profit before taxation		19,580	36,090
Tax on profit	10	(4,453)	4,510
Profit for the financial year		15,127	40,600

There was no other comprehensive income for 2017 (2016:£nil).

Prior year administrative expenses has been adjusted on a basis that is consistent with the current year. The adjustment is referenced on in note 19. Adjusted administrative expenses as at 31 December 2016 is £368,156.

The notes on pages 12 to 21 form part of these financial statements

WEPAY PAYMENTS LTD.
Statement of Financial Position

		2017	2016
		£	(restated) £
	Note		
Current assets			
Debtors	11	378,868	42,355
Cash at bank and in hand		<u>1,586,805</u>	<u>221,434</u>
		<u>1,965,673</u>	<u>263,789</u>
Creditors: amounts falling due within one year	12	(398,265)	(218,148)
Net current assets/(liabilities)		<u>1,567,408</u>	<u>45,641</u>
Total assets less current liabilities		<u>1,567,408</u>	<u>45,641</u>
Net assets/(liabilities)		<u><u>1,567,408</u></u>	<u><u>45,641</u></u>
Capital and reserves			
Called up share capital	14	1	1
Capital contribution	15	1,500,000	-
Equity settled share based payments reserve	16	11,680	5,040
Profit and loss account	6	<u>55,727</u>	<u>40,600</u>
Total equity		<u><u>1,567,408</u></u>	<u><u>45,641</u></u>

Prior year creditors (note 12) has been adjusted on a basis that is consistent with the current year. The adjustment is referenced on in note 19. Adjusted creditors balance as at 31 December 2016 is £218,148

The financial statements were approved and authorized for issue by the Board of Directors on 19 November 2018 and were signed on its behalf by:


Matthew Floate

Director Date: 19/11/18

WEPAY PAYMENTS LTD.
Statement of Changes in Equity

	Called up share capital	Capital redemption reserve	Equity settled share based payments	Profit and loss account (restated)	Total equity
	£	£	£	£	£
At 1 January 2016	<u>1</u>		<u>5,040</u>	<u>-</u>	<u>5,041</u>
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,600</u>	<u>40,600</u>
Result for the financial year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2016	<u>1</u>	<u>-</u>	<u>5,040</u>	<u>40,600</u>	<u>45,641</u>
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,127</u>	<u>15,127</u>
Stock based compensation expense	<u>-</u>	<u>-</u>	<u>6,640</u>	<u>-</u>	<u>6,640</u>
Capital contribution	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
At 31 December 2017	<u>1</u>	<u>1,500,000</u>	<u>11,680</u>	<u>55,727</u>	<u>1,567,408</u>

Prior year profit/loss has been restated, these adjustments are detailed in note 19. The prior year published financial statements showed a loss of £27,148 for the 31 December 2016 year end. The restated prior year figures result in a profit of £40,600.

The notes on pages 12 to 21 form part of these financial statements.

WEPAY PAYMENTS LTD.
Notes to the Financial Statements

1. General information

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

2. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

Certain amendment 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.

2.1 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7

This information is included in the consolidated financial statements of JPMorgan Chase & Co. as at 31 December 2017 and these financial statements may be obtained from JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017-2036, United States of America.

The following principal accounting policies have been applied:

WEPAY PAYMENTS LTD.
Notes to the Financial Statements
(continued)

2. Basis of preparation of financial statements (continued)

2.2 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.

The Company relies on the continued support from its immediate parent JPMorgan Chase & Co. On that basis, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements

2.3 Foreign currency translation

The Company's functional and presentational currency is GBP.

3. Accounting policies

3.1 Turnover

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the transaction when all of the following conditions are satisfied:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

3.2 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.

3.3 Debtors

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

3.4 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.

WEPAY PAYMENTS LTD.
Notes to the Financial Statements
(continued)

3. Accounting policies (continued)

3.5 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.

3.6 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

3.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

WEPAY PAYMENTS LTD.
Notes to the Financial Statements
(continued)

3. Accounting policies (continued)

3.8 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.

3.9 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.

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:

- 3.9.1 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
- 3.9.2 Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

WEPAY PAYMENTS LTD.
Notes to the Financial Statements
(continued)

5. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

100% (2016: £100%) of the turnover arose from the provision of services within the United Kingdom.

	2017 £	2016 £
Fees from external parties	73,718	14,007
Other income from related undertakings	343,778	390,127
	<u>417,496</u>	<u>404,134</u>

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 (restated) £
Trade subscriptions	41,654	32,887
Legal and professional	45,024	186,562
Sundry expenses	98,498	728
Service Charges	47,137	8,951
Rent – operating leases	<u>9,720</u>	<u>9,029</u>

7. Auditors remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>25,000</u>	<u>3,500</u>

WEPAY PAYMENTS LTD.
Notes to the Financial Statements
(continued)

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2017	2016
	£	£
Wages and salaries	97,779	96,740
Social security costs relating to employees	12,449	8,818
	<u>110,228</u>	<u>105,558</u>

The average monthly number of employees, including the directors, during the year were as follows:

	2017	2016
	No.	No.
Employees	<u>1</u>	<u>1</u>

9. Directors' remuneration

	2017	2016
	£	£
Directors' emoluments	97,779	96,740
	<u>97,779</u>	<u>96,740</u>

10. Tax on profit

	2017	2016
	£	£
Corporation tax		
Current tax on profits/(losses) for the year	4	-
Total current tax	<u>4</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	4,449	(4,510)
Total deferred tax	<u>4,449</u>	<u>(4,510)</u>
Taxation on profit/(loss) on ordinary activities	<u>4,453</u>	<u>(4,510)</u>

WEPAY PAYMENTS LTD.
Notes to the Financial Statements
(continued)

10. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as 2016, and it is the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%) as set out below:

	2017	2016 (restated)
	£	£
Profit before taxation	<u>19,580</u>	<u>36,090</u>
Profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	3,769	7,218
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and Impairment	1,278	1,025
Adjust closing deferred tax to average rate of 19.25% / 20.00%	8	796
Other differences leading to an increase/(decrease) in the tax charge	(1)	(13,549)
Adjust opening deferred tax to average rate of 19.25%	<u>(596)</u>	<u>-</u>
Total tax charge/(credit) for the year	<u><u>4,458</u></u>	<u><u>(4,510)</u></u>

The UK Corporation tax rate will reduce to 17.00% from 1 April 2020.

WEPAY PAYMENTS LTD.
Notes to the Financial Statements
(continued)

11. Debtors

	2017 £	2016 £
Amounts due from group undertakings	343,778	-
Other debtors	21,429	25,445
Prepayments and accrued income	13,600	12,400
Deferred taxation	61	4,510
	<u>378,868</u>	<u>42,355</u>

12. Creditors: Amounts falling due within one year

	2017 £	2016 (restated) £
Amounts owed to group undertakings	287,328	158,962
Taxation and social security	1,600	-
Other creditors	26,030	37,127
Accruals and deferred income	83,307	22,059
	<u>398,265</u>	<u>218,148</u>

13. Deferred taxation

	2017 £
At beginning of year	4,510
Charged to profit or loss	(4,449)
At end of year	<u>61</u>

WEPAY PAYMENTS LTD.
Notes to the Financial Statements
(continued)

13. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2017 £	2016 £
Tax losses carried forward	61	4,510
	<u>61</u>	<u>4,510</u>

14. Called up Share Capital

	2017 £	2016 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

15. Reserves

Profit and loss account - includes accumulated profits and losses.

Equity settled share based payments - includes accumulated share based payments.

Capital contribution - £1,500,000 capital contribution received from parent Company during the year.

16. Share based payments

The Company participates in a share option scheme for certain employees. Options are exercisable on the shares of the ultimate parent Company at a price equal to the estimated fair value of the ultimate parent Company's shares on the date of the grant.

The vesting period is four years. If the options remain unexercised after a period of ten years from the date of the grant the options expire. Options are forfeited if the employee leaves the Company before the options vest.

17. Commitments under operating leases

At 31 December the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	-	810
	<u>-</u>	<u>810</u>

WEPAY PAYMENTS LTD.
Notes to the Financial Statements
(continued)

18. Controlling party

The Company is a wholly owned subsidiary of JPMorgan Chase & Co., a Company incorporated in Delaware, United States of America.

During the year, JPMorgan Chase & Co. acquired WePay Payments Ltd. from WePay Inc., and Paymentech, LLC acquired WePay Inc.

The ultimate parent undertaking is considered to be JPMorgan Chase & Co, which is incorporated in Delaware, United States of America.

The smallest and largest group in which the results of the Company are consolidated is that headed by the ultimate parent undertaking of the group, JPMorgan Chase & Co.

Group financial statements may be obtained from JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017-2036, United States of America.

19. 2016 annual report and financial statements

Administrative expenses in the 2016 Annual Report and Financial Statements included revaluation loss on payable balances with the parent entity of £67,748. The transactions that make up the payable occur and are settled in the company's functional currency GBP, therefore there should be no revaluation gains and losses. The Company has removed the loss to provide a more faithful presentation of the financial statements on a basis that is consistent with the current year. As the transactions that make up the payable occurred during 2016, no adjustment was made to opening accumulated profit of losses for that year.

Balance as at 31 December 2016	Previously published	Adjustment	Restated balance
Administrative expenses	(435,904)	67,748	(368,156)
Creditors: amounts falling due within one year	(285,896)	67,748	(218,148)