

Company Registration No. 10630670 (England and Wales)

MYPOS EUROPE LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

MYPOS EUROPE LTD

COMPANY INFORMATION

Directors	M R Destraz S Pilloy G Brenan B Attwood	(Appointed 5 March 2020)
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Company number	10630670
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Registered office	The Shard, Level 24 32 London Bridge Street London SE1 9SG
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Auditor	Fisher, Sassoon & Marks 43 - 45 Dorset Street London W1U 7NA
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MYPOS EUROPE LTD

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MYPOS EUROPE LTD

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present the strategic report for the period ended 31 December 2019.

Fair Review of the Business

MyPOS Europe Ltd is an electronic money institution authorised and regulated by the FCA UK to provide e-money and payment services, under the Electronic Money Regulations 2011 (EMRs).

The objective of the Company and myPOS group, is to provide integrated and affordable payment solutions, changing the way businesses accept card payments across all channels - at the counter, online and mobile. Combining the latest payment technologies with imagination and expertise, myPOS has created a new payment world, built on innovation, freedom, flexibility and opportunities for growth.

MyPOS Europe Ltd is fully compliant with and continuously observes all applicable regulations and industry leading standards. The firm satisfies the authorisation requirements introduced by the PSRs 2017 (including by amendment to the EMRs 2011) in implementation of PSD2.

Under the e-money licence, myPOS Europe Ltd provides account related services to its customers. Under the agreements between myPOS Europe Ltd, myPOS AD (Bulgaria) and iCard AD (Bulgaria), myPOS Europe Ltd is providing account services to its customers, whilst myPOS AD is providing card related services to the same customer base.

Principal Risks and Uncertainties

MyPOS Europe Ltd seeks to minimise its exposure to external financial risks. The Company is exposed to various financial risks, including currency exchange rate fluctuations as the company operates internationally, and provides financial services in several currencies. Another major risk of adverse AML deficiencies in myPOS operations is adequately mitigated by comprehensive policies, measures and staff training.

Concentration risk is minimised by strict controls of portfolio diversification in terms of industries and also major customers served by the Company. In order to properly mitigate operational risks, myPOS has a combination of various controls in place, both internal and external, aimed at elimination of possible threats to myPOS operations. As a core element in its risk policy, myPOS applies a weighted assessment of calculated risk factors through its Enterprise Risk Management Framework.

Capital risk is the risk that capital is insufficient to meet regulatory or internal requirements. MyPOS Europe Ltd assesses its capital adequacy on a regular basis. Key metrics are monitored frequently and regularly reviewed by the Board.

Brexit has created uncertainty for the business, specifically in relation to the ability of myPOS Europe Ltd to continue taking advantage of passporting arrangements between the UK and the EU post Brexit. MyPOS Europe Ltd has advanced plans in place to ensure all its customers will continue to be able to use the myPOS platform in all eventualities. These plans have been communicated to both customers and relevant regulators.

Key performance indicators

The board reviews and approves the annual budget and forecast. In addition to reviewing performance on a monthly basis, the board has established KPIs such as those indicated below. Such KPIs are used by management to monitor performance on a regular basis.

Key performance indicators are turnover EUR 3,406,281 (Mar 2019: EUR 2,496,520) and gross profit for the period EUR 2,495,504 (Mar 2019: EUR 1,705,288). At the period end the company had net assets of EUR 2,006,677 (Mar 2019: EUR 1,484,669).

The Directors of the Company are satisfied with the Company performance for the period. myPOS Europe Ltd has achieved most of its strategic objectives and continues to operate in an effective manner.

On behalf of the board

S Pilloy

Director

14 October 2020

MYPOS EUROPE LTD

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the period ended 31 December 2019.

Principal activities

The principal activity of the company continued to be that of issuing electronic money (e-money) and providing payment services through myPOS group.

Branches

During the year the company operated a branch office in Varna Bulgaria, to provide administrative support to its UK operations.

Directors

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

M R Destraz

S Pilloy

A Sutton

(Resigned 28 January 2020)

G Brenan

B Attwood

(Appointed 5 March 2020)

Results and dividends

The results for the period are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Principal risks

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business. The company does not consider it has a high level of liquidity risk in view of the level of capitalisation required by the Financial Conduct Authority and the policy of the Directors which is, to not to take on obligations unless there is a source of finance to satisfy those obligations.

Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures be hedged in order to fix the cost in Euro.

Credit risk

At present the company's primary credit risk is with its trade debtors bank balances and with its banks. The Directors have assessed this risk and consider it to be at a low level in view of the financial strength of the counterparties.

Cash flow risk

Cash flow risks are that the company does not have sufficient financial resources to meet its obligations as they fall due. The company has implemented systems and controls to mitigate such risks.

Post reporting date events

There are no matters to report.

MYPOS EUROPE LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

Future developments

The impact of Brexit on the business is being closely monitored by the board and complete mitigation plans are in place and undergoing execution.

There are no other matters to report.

Auditor

The auditor, Fisher, Sassoon & Marks, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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

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

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

S Pilloy
Director

14 October 2020

MYPOS EUROPE LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MYPOS EUROPE LTD

Opinion

We have audited the financial statements of Mypos Europe Ltd (the 'company') for the period ended 31 December 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 United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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 the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MYPOS EUROPE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MYPOS EUROPE LTD

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 the directors' report.

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

- adequate accounting records have not been kept, 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.

Jonathan Marks (Senior Statutory Auditor)
for and on behalf of Fisher, Sassoon & Marks

14 October 2020

Chartered Accountants
Statutory Auditor

43 - 45 Dorset Street
London
W1U 7NA

MYPOS EUROPE LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2019

		Period ended 31 Dec 2019 EUR	Year ended 31 Mar 2019 EUR
	Notes		
Revenue	3	3,406,281	2,496,520
Cost of sales		(910,777)	(791,232)
Gross profit		2,495,504	1,705,288
Administrative expenses		(1,965,180)	(2,435,177)
Operating profit/(loss)	4	530,324	(729,889)
Finance costs	7	(28)	-
Profit/(loss) before taxation		530,296	(729,889)
Tax on profit/(loss)	8	(8,288)	-
Profit/(loss) for the financial period		522,008	(729,889)

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

MYPOS EUROPE LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		31 Dec 2019		31 Mar 2019	
	Notes	EUR	EUR	EUR	EUR
Non-current assets					
Property, plant and equipment	9		43,622		56,308
Current assets					
Trade and other receivables	10	2,168,288		1,305,135	
Cash and cash equivalents		671,235		1,709,653	
		<u>2,839,523</u>		<u>3,014,788</u>	
Current liabilities	11	(718,180)		(1,586,427)	
Net current assets			2,121,343		1,428,361
Total assets less current liabilities			<u>2,164,965</u>		<u>1,484,669</u>
Non-current liabilities	12		(150,000)		-
Provisions for liabilities	15		(8,288)		-
Net assets			<u>2,006,677</u>		<u>1,484,669</u>
Equity					
Called up share capital	18	2,255,944		2,255,944	
Retained earnings		(249,267)		(771,275)	
Total equity			<u>2,006,677</u>		<u>1,484,669</u>

The financial statements were approved by the board of directors and authorised for issue on 14 October 2020 and are signed on its behalf by:

S Pilloy
Director

Company Registration No. 10630670

MYPOS EUROPE LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2019

	Notes	Share capital EUR	Retained earnings EUR	Total EUR
Balance at 1 April 2018		1,134,494	(41,386)	1,093,108
Period ended 31 March 2019:				
Loss and total comprehensive income for the period		-	(729,889)	(729,889)
Issue of share capital	18	1,121,450	-	1,121,450
Balance at 31 March 2019		2,255,944	(771,275)	1,484,669
Period ended 31 December 2019:				
Profit and total comprehensive income for the period		-	522,008	522,008
Balance at 31 December 2019		2,255,944	(249,267)	2,006,677

MYPOS EUROPE LTD

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2019

		31 Dec 2019		31 Mar 2019	
	Notes	EUR	EUR	EUR	EUR
Cash flows from operating activities					
Cash absorbed by operations	22		(1,181,497)		(229,947)
Interest paid			(28)		-
Net cash outflow from operating activities			(1,181,525)		(229,947)
Investing activities					
Purchase of property, plant and equipment		(7,533)		(68,166)	
Proceeds on disposal of property, plant and equipment		640		-	
Net cash used in investing activities			(6,893)		(68,166)
Financing activities					
Proceeds from issue of shares		-		1,121,450	
Proceeds from borrowings		150,000		-	
Net cash generated from financing activities			150,000		1,121,450
Net (decrease)/increase in cash and cash equivalents			(1,038,418)		823,337
Cash and cash equivalents at beginning of period			1,709,653		886,316
Cash and cash equivalents at end of period			671,235		1,709,653

MYPOS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Mypos Europe Ltd is a private company limited by shares incorporated in England and Wales. The registered office is The Shard, Level 24, 32 London Bridge Street, London, SE1 9SG.

1.1 Accounting convention

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

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

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

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 the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The current COVID-19 pandemic as noted in note 19 has taken into account and does not alter this view.

1.3 Reporting period

The financial period end of the company was shortened to 31 December from 31 March. This was so that the annual reporting falls in line with other companies of the group.

1.4 Revenue

Revenue represents income from the operation of electronic money (e-money) accounts.

This includes fees for credit transfers, FX and accounts maintenance fee charged to fellow group entity myPOS AD under the service-level agreement (SLA).

Revenue is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and recognised on the transactions are fulfilled.

1.5 Property, plant and equipment

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

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

Fixtures and fittings	33% straight line
Computers & office equipment	50% 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 credited or charged to profit or loss.

MYPOS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.6 Impairment of non-current assets

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

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

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

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

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

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

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

Basic financial assets

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

MYPOS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

MYPOS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.9 Equity instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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

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

MYPOS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

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

1.13 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

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

3 Revenue

	31 Dec 2019 EUR	31 Mar 2019 EUR
Revenue analysed by class of business		
Commission receivable	3,406,281	2,496,520
	<u> </u>	<u> </u>
	31 Dec 2019 EUR	31 Mar 2019 EUR
Revenue analysed by geographical market		
Europe	2,930,238	2,179,462
Rest of the world	476,043	317,058
	<u> </u>	<u> </u>
	<u>3,406,281</u>	<u>2,496,520</u>

MYPOS EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

4 Operating profit/(loss)

	31 Dec 2019 EUR	31 Mar 2019 EUR
Operating profit/(loss) for the period is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(8,958)	60,811
Fees payable to the company's auditor for the audit of the company's financial statements	31,977	27,962
Depreciation of owned property, plant and equipment	19,578	17,703
(Profit)/loss on disposal of property, plant and equipment	-	46,701
	<u> </u>	<u> </u>

5 Employees

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

	31 Dec 2019 Number	31 Mar 2019 Number
Management	2	3
Administration	33	19
	<u> </u>	<u> </u>
Total	35	22
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	31 Dec 2019 EUR	31 Mar 2019 EUR
Wages and salaries	1,199,221	979,822
Social security costs	138,515	125,481
Pension costs	26,843	21,281
	<u> </u>	<u> </u>
	1,364,579	1,126,584
	<u> </u>	<u> </u>

6 Directors' remuneration

	31 Dec 2019 EUR	31 Mar 2019 EUR
Remuneration for qualifying services	365,449	393,479
Company pension contributions to defined contribution schemes	4,506	5,856
	<u> </u>	<u> </u>
	369,955	399,335
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (31 Mar 2019 - 3).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

6 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	31 Dec 2019 EUR	31 Mar 2019 EUR
Remuneration for qualifying services	159,956	96,638
Company pension contributions to defined contribution schemes	4,514	2,809
	<u> </u>	<u> </u>

7 Finance costs

	31 Dec 2019 EUR	31 Mar 2019 EUR
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	28	-
	<u> </u>	<u> </u>

8 Taxation

	31 Dec 2019 EUR	31 Mar 2019 EUR
Deferred tax		
Origination and reversal of timing differences	8,288	-
	<u> </u>	<u> </u>

The actual charge for the period can be reconciled to the expected charge/(credit) for the period based on the profit or loss and the standard rate of tax as follows:

	31 Dec 2019 EUR	31 Mar 2019 EUR
Profit/(loss) before taxation	530,296	(729,889)
	<u> </u>	<u> </u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (31 Mar 2019: 19.00%)	100,756	(138,679)
Tax effect of expenses that are not deductible in determining taxable profit	(840)	8,873
Tax effect of utilisation of tax losses not previously recognised	(103,885)	-
Unutilised tax losses carried forward	-	139,394
Permanent capital allowances in excess of depreciation	2,289	(9,588)
Foreign exchange differences	1,680	-
Deferred tax for the period	8,288	-
	<u> </u>	<u> </u>
Taxation charge for the period	8,288	-
	<u> </u>	<u> </u>

The company has estimated losses of EUR 273,652 (Mar 2019: EUR 813,254) available for carry forward against future trading profits.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

9 Property, plant and equipment

	Fixtures and fittings	Computers & office equipment	Total
	EUR	EUR	EUR
Cost			
At 1 April 2019	30,736	48,504	79,240
Additions	701	6,832	7,533
Disposals	-	(1,062)	(1,062)
At 31 December 2019	31,437	54,274	85,711
Depreciation and impairment			
At 1 April 2019	2,014	20,918	22,932
Depreciation charged in the period	3,584	15,994	19,578
Eliminated in respect of disposals	-	(421)	(421)
At 31 December 2019	5,598	36,491	42,089
Carrying amount			
At 31 December 2019	25,839	17,783	43,622
At 31 March 2019	28,722	27,586	56,308

10 Trade and other receivables

	31 Dec 2019 EUR	31 Mar 2019 EUR
Amounts falling due within one year:		
Trade receivables	-	211,082
Amounts owed by group undertakings	1,928,001	805,045
Other receivables	210,391	163,666
Prepayments and accrued income	29,896	125,342
	2,168,288	1,305,135

Amounts owed from group companies are unsecured and repayable on demand.

11 Current liabilities

	31 Dec 2019 EUR	31 Mar 2019 EUR
Trade payables	371,344	113,837
Taxation and social security	46,496	82,120
Other payables	108,857	1,207,378
Accruals and deferred income	191,483	183,092
	718,180	1,586,427

Other payables include amounts owed to related entities EUR 8,633 (Mar 2019: EUR 1,181,465), connected by virtue of ultimate common control. These amounts are unsecured and repayable on demand.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

12 Non-current liabilities

	Notes	31 Dec 2019 EUR	31 Mar 2019 EUR
Other borrowings	13	150,000	-
		<u> </u>	<u> </u>

13 Borrowings

		31 Dec 2019 EUR	31 Mar 2019 EUR
Other loans		150,000	-
		<u> </u>	<u> </u>
Payable after one year		150,000	-
		<u> </u>	<u> </u>

Long term loan is unsecured and represent loan of EUR 150,000 (Mar 2019: EUR nil) from the parent entity myPOS World Ltd. This loan is under a subordinate loan agreement, with interest rate of 3.20% per annum, drawn down on 27 September 2019 and repayable no sooner than 26 September 2024. Subordinate loan ranks after other debts of the company.

14 Client E-Money

The company holds client money in respect of electronic money services. Such monies and corresponding amounts due to clients are not shown on the face of the balance sheet as the Company is not beneficially entitled thereto. In accordance with regulatory requirements, all client cash is segregated and reconciled on daily basis.

As at 31 December 2019, liability toward the e-money clients under Payment Services Regulations 2017 and the Electronic Money Regulations 2011, amounted to EUR 58,514,082 (Mar 2019: EUR 60,456,871) and the corresponding funds were held in segregated bank accounts.

15 Provisions for liabilities

	Notes	31 Dec 2019 EUR	31 Mar 2019 EUR
Deferred tax liabilities	16	8,288	-
		<u> </u>	<u> </u>

16 Deferred taxation

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

	Liabilities 31 Dec 2019 EUR	Liabilities 31 Mar 2019 EUR
Balances:		
Accelerated capital allowances	8,288	-
	<u> </u>	<u> </u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

16	Deferred taxation	(Continued)
		31 Dec 2019
	Movements in the period:	EUR
	Liability at 1 April 2019	-
	Charge to profit or loss	8,288
	Liability at 31 December 2019	8,288

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

17	Retirement benefit schemes	31 Dec 2019	31 Mar 2019
		EUR	EUR
	Defined contribution schemes		
	Charge to profit or loss in respect of defined contribution schemes	26,843	21,281

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.

18	Share capital	31 Dec 2019	31 Mar 2019
		EUR	EUR
	Ordinary share capital		
	Issued and fully paid		
	2,000,000 Ordinary share of £1 each	2,255,944	2,255,944

19 Events after the reporting date

The World Health Organisation declared the COVID-19 outbreak a global pandemic on 11 March 2020 and given the passage of time from the balance sheet date of 31 December 2019 as such, this is considered to be a non-adjusting post balance sheet event. As of the date of this report, the COVID-19 crisis is still ongoing and its effects on the global economy are uncertain. Hence, it is not possible to accurately quantify the potential financial impact on the company. However, considering the strong balance sheet position, cash and reserves of the company and having support from shareholders and ultimate beneficial owner, there are no concerns about the company's ability to remain a going concern.

Management of the company continues to monitor the situation closely and to put in whatever measure may be necessary to deflect a prolonged downturn.

There are no matters to report.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

20 Ultimate controlling party

The parent company is MyPOS World Ltd, a company registered in England and Wales. The ultimate parent company is Newport Partners Establishment and also is the ultimate controlling party.

Newport Partners Establishment prepares group financial statements and copies can be obtained from Kirchstrasse 1, 9490 Vaduz, Lichtenstein.

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	31 Dec 2019 EUR	31 Mar 2019 EUR
Aggregate compensation	365,449	393,479

The company has taken advantage of the exemption available in FRS 102-33.9 "Related party disclosures" whereby it has not disclosed transactions with the parent company and wholly owned fellow group entities.

As at the period end EUR 7,919 (Mar 2019: EUR Nil) was owed to iCARD Services AD, in relation to administrative expenses relating to MyPOS Europe Ltd. iCARD Services AD is a limited company register in Bulgaria, an entity related by ultimate common control.

No guarantees have been given or received.

22 Cash absorbed by operations

	31 Dec 2019 EUR	31 Mar 2019 EUR
Profit/(loss) for the period after tax	522,008	(729,889)
Adjustments for:		
Taxation charged	8,288	-
Finance costs	28	-
(Gain)/loss on disposal of property, plant and equipment	-	46,701
Depreciation and impairment of property, plant and equipment	19,578	17,703
Movements in working capital:		
Increase in trade and other receivables	(863,152)	(1,006,685)
(Decrease)/increase in trade and other payables	(868,247)	1,442,223
Cash absorbed by operations	(1,181,497)	(229,947)

23 Analysis of changes in net funds

	1 April 2019 EUR	Cash flows EUR	31 December 2019 EUR
Cash at bank and in hand	1,709,653	(1,038,418)	671,235
Borrowings excluding overdrafts	-	(150,000)	(150,000)
	1,709,653	(1,188,418)	521,235

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