PayAlly Limited

Annual report and financial statements

for the year ended 31 December 2022

Registered number: 10600055

Company Information

Directors	Rafal Andzejevski Robert Ford
Registered number	10600055
Registered office	80 Coleman Street London EC2R 5BJ
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Contents

Directors' report

for the year ended 31 December 2022

The directors present their annual report and the financial statements of PayAlly Limited ('the company') for the year ended 31 December 2022. The comparative figures presented are for the 10 months ended 31 December 2021.

Results and dividends

The profit for the year, after taxation, amounted to €383,433 (2021 - €1,145,625).

The directors did not recommend any dividends during the year (2021 - €nil).

Directors

The directors who served during the year were:

Rafal Andzejevski
Robert Ford

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102'). 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 for the company's financial statements 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 to 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.

Matters covered in the Strategic report

The company has chosen, in accordance with s.414C(11) of the Companies Act 2006, to set out in the company's Strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and Part 2 of The Companies (Miscellaneous Reporting) Regulations 2018 to be contained in the Directors' report. It has done so in respect of risk exposure, future developments, and engagement with suppliers, customers, and others.

Directors' report (continued)
for the year ended 31 December 2022

Disclosure of information to auditor

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.

This report was approved by the board on 5 July 2023 and signed on its behalf by:

Robert Ford
Director

Strategic report
for the year ended 31 December 2022

Introduction

The directors present this Strategic report for the year ended 31 December 2022 with the goal of providing a balanced and comprehensive analysis of the company's development in its initial accounting periods and its future outlook. The review is consistent with the current size and nature of the business.

Principal activity

The principal activity of the company is that of providing e-commerce card acquiring, currency exchange, money transfer services and prepaid card issuing together with electronic money.

Business review, key milestones and future developments

The company was authorised as a payment institution by the Financial Conduct Authority ('the FCA') on 3 July 2017 and then re-authorised by the FCA under PSD2 regulations on 14 February 2018. PayAlly Limited commenced trading on 7 November 2017. On 13 December 2021, the company was authorised to carry on electronic money activities under the Electronic Money Regulations 2011 (EMRs). The directors have taken every opportunity to progress the business in line with its business plan and will continue to do so throughout the remainder of 2023 and beyond.

PayAlly Limited's development in the period consisted of continuing to expand its payments and acquiring infrastructure in order to enable the company to reduce costs and improve its competitive position in the market for the provision of services to small and medium companies and introduce new products.

During the course of the period, the company has continued making improvements to the payments infrastructure, integration of alternative payment methods, development of new products and acquisition of new customers and business. In 2022 the company started developing its own bespoke software in order to improve the services provided to clients.

The anticipated roll out of iOS and Android mobile PayAlly applications was completed in early 2023, as well as our payments ecosystem v1.0 offering to clients.

Directors' statement of compliance with duty to promote the success of the company

The directors confirm compliance with Section 172(1) of the Companies Act 2006 in that they acted in good faith promoting the success of the company for the benefit of its stakeholders, and in doing so had regard (amongst other matters) to:

- the likely consequence of any decision in the long term by ensuring that careful consideration was given to all aspects of the likely outcome when making decisions at board level and that those decisions were made in the best interests of the stakeholders;
- the interests of the company's employees by ensuring that due consideration was given to employee equality, training, education and progress in the company, participation in shaping the company's strategy and product development, and endeavouring to maintain an employee sympathetic environment;
- the provision of reliable, safe, affordable and fair products and services to its customers, by being continually attentive to the customer's needs, developing new products and services, optimising and reducing fees for basic payment services, and promoting security of online payments;
- the need to foster the company's business relationships with partners and suppliers by promoting mutually beneficial contractual arrangements, punctual settlement of invoices, sharing of industry insights and innovations;
- the impact of the company's operations on the community and the environment by continually promoting reduction of environmental pollution by using electronic document workflow, reducing CO2 emissions by cutting unnecessary travel, particularly by airplanes, and promoting usage of public transportation by the company's employees;

Strategic report (continued)

for the year ended 31 December 2022

Directors' statement of compliance with duty to promote the success of the company (continued)

- the regulatory compliance of the company by maintaining timely and accurate reporting to the regulatory, government, and tax authorities, by maintaining a reputation for high standards of business conduct and integrity, by maintaining a professional approach to all matters by directors and employees at all levels; and
- the need to act fairly as between shareholders of the company by maintain standards that ensured no bias to any particular individual or group.

Principal risks and uncertainties

The Board of Directors is responsible for the risk management policy of the company and approves the parameters within which the various aspects of risks are managed. During its normal course of business, the company is exposed to certain financial risks: earnings growth, operational, liquidity, credit and foreign exchange risks.

Earnings growth risk

There is a risk to both regulatory capital and shareholder value if the company is unable to grow its key business lines: payments (provision of payment account services, money transfers locally and internationally, currency exchange and issuance of prepaid cards) and acquiring (provision of online payment card acceptance for merchants, provision of alternative online payment method acceptance for merchants, provision of e-commerce gateway and provision of payout to payment cards). The Board of Directors has implemented an organic business growth model, where development costs and day-to-day operating expenses are growing in line with turnover growth. This ensures the company continues to meet its regulatory capital requirement and to comply with the FCA's rules and is aligned with the growth in client payments turnover.

Operational risk

This is a risk of a direct or indirect loss resulting from inadequacies or failures of information technology systems, processes or controls due to hardware or software failure, staff or management, or external factors. To manage, monitor and control operational risks, the company maintains a framework of policies, procedures and controls which are designed to provide a sound and well controlled operational environment.

Liquidity risk

The company is not considered to have an elevated level of liquidity risk as the company's funds and safeguarded clients' funds in transit are kept in current accounts with vetted credit institutions. The directors maintain a policy of ensuring adequate availability of financial resources for the company's current and future obligations.

Credit risk

The company's primary credit risk is with its banking and acquiring partners. The company deploys various diversification methods and continues engaging with new credit institutions and acquiring partners to diversify possible credit risks. Careful partner assessment and monitoring procedures are in place to minimise any possible risks.

Foreign exchange risk

The company operates in a number of currencies and manages foreign exchange exposure by carefully matching assets and liabilities in each currency in order to avoid any exposure. All client foreign exchange transactions are executed on the spot and the company never keeps an open currency position longer than needed to instruct the banking partner to execute the foreign exchange transaction at market rates.

Strategic report (continued)
for the year ended 31 December 2022

Financial key performance indicators

The directors approve the annual budget and review performance against budget on a monthly basis. Similarly, key performance indicators, namely turnover, net profit and net assets are carefully monitored.

Turnover for the year amounted to €6,521,229 and at the year end the company had net assets of €2,372,297. Compared to the previous 10 months, the gross revenue has increased by 106% which is a significant achievement. The directors are pleased to report a continuous new client acquisition stream, together with this revenue growth and achievement of sustainable profitable operations.

This report was approved by the board on 5 July 2023 and signed on its behalf by:

Robert Ford
Director

Buzzacott

Independent auditor's report to the members of PayAlly Limited

for the year ended 31 December 2022

Opinion

We have audited the financial statements of PayAlly Limited ('the company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the related notes, 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 Financial Reporting Standard 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent auditor's report to the members of PayAlly Limited (continued)

for the year ended 31 December 2022

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 record and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanation 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.

Independent auditor's report to the members of PayAlly Limited (continued)

for the year ended 31 December 2022

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations, including knowledge specific to auditing E-money firms;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the company through discussions with directors and other management at the planning stage, and from our knowledge and experience of auditing E-money firms;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations;
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company including the Companies Act 2006, The Electronic Money Regulations 2011, employment legislation, and taxation legislation.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- inspecting legal expenditure and correspondence throughout the year for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the company to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior year;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the company's management;
- tested the occurrence of revenue by obtaining supporting documentation for a sample of each of the various revenue streams and investigated any material variances to expectations; and
- carried out substantive testing to check the occurrence and cut-off of expenditure.

Independent auditor's report to the members of PayAlly Limited (continued)

for the year ended 31 December 2022

Auditor's responsibilities for the audit of the financial statements (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with the Financial Conduct Authority.

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

Peter Chapman (Senior statutory auditor)
for and on behalf of
Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

5 July 2023

Statement of comprehensive income

for the year ended 31 December 2022

	Note	Year ended 31 December 2022 €	10 months ended 31 December 2021 €
Turnover		**6,521,229**	4,627,623
Administrative expenses		**(6,145,832)**	(3,200,743)
Operating profit	5	**375,397**	1,426,880
Interest receivable	9	**83,071**	4,003
Interest payable	10	**-**	(4,500)
Profit before tax		**458,468**	1,426,383
Tax on profit	11	**(75,035)**	(280,758)
Profit for the financial year		**383,433**	1,145,625

All amounts relate to continuing operations.

There was no other comprehensive income for the year ended 31 December 2022 or the period ended 31 December 2021.

The notes on pages 14 to 27 form part of these financial statements.

Statement of financial position
as at 31 December 2022

	Note		2022 €		2021 €
Fixed assets					
Intangible assets	12		**1,235,475**		441,157
Tangible assets	13		**146,378**		52,734
			1,381,853		493,891
Current assets					
Stocks	14	**8,828**		9,285	
Debtors	15	**396,567**		335,387	
Cash at bank and in hand	16	**46,432,155**		36,163,727	
		46,837,550		36,508,399	
Creditors: amounts falling due within one year	18	**(45,810,511)**		(35,000,237)	
Net current assets			**1,027,039**		1,508,162
Total assets less current liabilities			**2,408,892**		2,002,053
Provisions for liabilities					
Deferred tax	19	**(36,595)**		(13,189)	
Net assets			**2,372,297**		1,988,864
Capital and reserves					
Called up share capital	20		**861,473**		861,473
Profit and loss account	21		**1,510,824**		1,127,391
			2,372,297		1,988,864

The financial statements were approved and authorised for issue by the board on 5 July 2023 and were signed on its behalf by:

Robert Ford
Director

The notes on pages 14 to 27 form part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2022

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 March 2021	**861,473**	**(18,234)**	**843,239**
Profit for the period	-	1,145,625	1,145,625
At 1 January 2022	**861,473**	**1,127,391**	**1,988,864**
Profit for the year	-	383,433	383,433
At 31 December 2022	**861,473**	**1,510,824**	**2,372,297**

The notes on pages 14 to 27 form part of these financial statements.

Statement of cash flows
for the year ended 31 December 2022

	Year ended 31 December 2022 €	10 months ended 31 December 2021 €
Cash flows from operating activities		
Profit for the financial year	**383,433**	1,145,625
Adjustments for:		
Amortisation of intangible assets	**285,503**	235,946
Depreciation of tangible assets	**32,043**	10,603
Interest payable	**-**	4,500
Interest received	**(83,071)**	(4,003)
Taxation charge	**75,035**	280,758
Decrease in stocks	**457**	475
Increase in debtors	**(61,180)**	(323,506)
Increase in creditors	**10,758,645**	18,975,358
Net cash generated from operating activities	**11,390,865**	20,325,756
Cash flows from investing activities		
Purchase of intangible fixed assets	**(1,079,821)**	(461,921)
Purchase of tangible fixed assets	**(125,687)**	(39,041)
Interest received	**83,071**	4,003
Net cash from investing activities	**(1,122,437)**	(496,959)
Cash flows from financing activities		
Repayment of other loans	**-**	(90,000)
Net cash used in financing activities	**-**	(90,000)
Net increase in cash and cash equivalents	**10,268,428**	19,738,797
Cash and cash equivalents at beginning of year	**36,163,727**	16,424,930
Cash and cash equivalents at the end of year	**46,432,155**	36,163,727
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**46,432,155**	36,163,727

The notes on pages 14 to 28 form part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2022

1. General information

PayAlly Limited is a private company limited by shares and is incorporated in England and Wales. Its company registration number is 10600055. The registered office and principal place of business of the company is 80 Coleman Street, London, United Kingdom, EC2R 5BJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

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 United Kingdom and Republic of Ireland', ('FRS 102') 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 3).

The following principal accounting policies have been applied:

2.2 Turnover

Rendering of services

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

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- 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.

Turnover on currency exchange services is recognised once the company's performance obligation has been completed, i.e. the converted currency delivered to the customer's account. Turnover on e-commerce payment acceptance services is recognised once the company's performance obligation has been completed, i.e. the acquiring partner of the company has settled merchant sales funds to the company and the company has credited sales funds to the merchant's account. Turnover on money transfer services is recognised once the company's performance obligation has been completed, i.e. the transferred money delivered to the recipient. Turnover on prepaid cards issuance is recognised once the company's performance obligation has been completed, i.e. when the customer orders a new card and pays for it, and when the prepaid card issuer confirms the personalisation and delivery of the card to the customer. Turnover on prepaid cards usage services is recognised once the company's performance obligation has been completed, i.e. the cardholder has completed a purchase with the card or cash withdrawal, and the prepaid card issuer has issued a revenue share statement to the company.

Notes to the financial statements
for the year ended 31 December 2022

2. Accounting policies (continued)

2.3 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method. As there is no active market for the assets, their residual value is considered to be £nil.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software development	-	4	years
Trademarks	-	10	years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. The useful life of software development assets was adjusted from 10 years to 4 years in the prior period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the financial statements
for the year ended 31 December 2022

2. Accounting policies (continued)

2.5 Tangible assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Office equipment	-	4 years
Computer equipment	-	4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. 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.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.9 Customer funds

The company holds money on behalf of clients in accordance with the requirements of the Electric Money Regulations. Customer funds held in segregated bank and settlement accounts in accordance with these requirements and the corresponding liabilities to these clients are recognised on the Statement of financial position within cash and creditors, respectively.

Notes to the financial statements

for the year ended 31 December 2022

2. Accounting policies (continued)

2.10 Creditors

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

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Euros.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the mid-market exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of transactions in foreign currencies are recognised in the Statement of comprehensive income within turnover for the provision of currency exchange services and within administrative expenses for the procurement of currency exchange services.

Foreign exchange gains and losses resulting from translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the Statement of comprehensive income as administrative expenses.

Non-monetary assets and liabilities are translated at historic exchange rates if held at historic cost or period-end exchange rates if held at fair value, and the resulting foreign exchange gains or losses are recognised in the Statement of comprehensive income as administrative expenses.

2.12 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.14 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method. This interest is earned on certain customer funds balances and is accrued monthly.

Notes to the financial statements
for the year ended 31 December 2022

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting date, except that:

- 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
- 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.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the period end and the amounts reported for turnover and expenses during the period. However, the nature of estimation means that actual outcomes could differ from these estimates.

The directors considered areas involving estimation uncertainty or significant judgement to be in relation to:

- Software development costs: capitalisation as an intangible asset is considered appropriate as these costs meet the recognition criteria of an intangible asset in accordance with FRS 102; and
- The recognition of customer funds (see accounting policy 2.9).

The directors believe that there are no further areas involving estimation uncertainty or application of judgement.

4. Turnover

The whole of the turnover is attributable to the company's principal activity.

Payment services are provided in the United Kingdom only.

Notes to the financial statements
for the year ended 31 December 2022

5. Operating profit

The operating profit is stated after charging:

	Year ended 31 December 2022	10 months ended 31 December 2021
	€	€
Exchange differences	**272,282**	136,305
Other operating lease rentals	**226,442**	73,210

6. Auditor's remuneration

	Year ended 31 December 2022	10 months ended 31 December 2021
	€	€
Fees payable to the company's auditor for the audit of the company's financial statements	**17,505**	11,315
Fees payable to the company's auditor in respect of:		
Taxation compliance services	**3,388**	2,263
Other services	**2,259**	1,787

Notes to the financial statements

for the year ended 31 December 2022

7. Staff costs, and average number of employees

Staff costs, including directors' remuneration, during the year were as follows:

	Year ended 31 December 2022 €	10 months ended 31 December 2021 €
Wages and salaries	1,670,670	386,122
Social security costs	58,387	15,240
	1,729,057	401,362

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

	Year ended 31 December 2022 No.	10 months ended 31 December 2021 No.
Directors	2	2
Operations	30	10
	32	12

8. Directors' remuneration

	Year ended 31 December 2022 €	10 months ended 31 December 2021 €
Directors' emoluments	117,473	121,134

Notes to the financial statements
for the year ended 31 December 2022

9. Interest receivable

	Year ended 31 December 2022 €	10 months ended 31 December 2021 €
Bank interest receivable	**83,071**	4,003

10. Interest payable

	Year ended 31 December 2022 €	10 months ended 31 December 2021 €
Loan interest payable	**-**	4,500

11. Taxation

	Year ended 31 December 2022 €	10 months ended 31 December 2021 €
Corporation tax		
Current tax on profits for the year	**64,515**	265,625
Adjustments in respect of previous periods	**(12,886)**	-
Total current tax	**51,629**	265,625
Deferred tax		
Origination and reversal of timing differences	**23,406**	15,747
Adjustments in respect of prior periods	**-**	(614)
Total deferred tax	**23,406**	15,133
Taxation on profit on ordinary activities	**75,035**	280,758

Notes to the financial statements
for the year ended 31 December 2022

11. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (period ended 31 December 2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	Year ended 31 December 2022 €	10 months ended 31 December 2021 €
Profit on ordinary activities before tax	**458,468**	1,426,383
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**87,109**	271,013
Effects of:		
Expenses not deductible for tax purposes	**5,353**	1,651
Deferred tax adjustment in respect of previous periods	**5,618**	(614)
Fixed asset differences	**(7,421)**	(2,178)
Exchange differences	**(2,738)**	10,886
Adjustments to tax charge in respect of prior periods	**(12,886)**	-
Total tax charge for the year/period	**75,035**	280,758

Factors that may affect future tax charges

With effect from 1 April 2023 the rate of corporation tax increased, tapering from 19% for businesses with profits of less than £50,000 to 25% for businesses with profits over £250,000.

Notes to the financial statements
for the year ended 31 December 2022

12. Intangible assets

	Software development €	Trademarks €	Total €
Cost			
At 1 January 2022	**752,395**	**850**	**753,245**
Additions	**1,079,821**	**-**	**1,079,821**
At 31 December 2022	**1,832,216**	**850**	**1,833,066**
Amortisation			
At 1 January 2022	**311,481**	**607**	**312,088**
Charge for the year	**285,503**	**-**	**285,503**
At 31 December 2022	**596,984**	**607**	**597,591**
Net book value			
At 31 December 2022	**1,235,232**	**243**	**1,235,475**
At 31 December 2021	440,914	243	441,157

Notes to the financial statements
for the year ended 31 December 2022

13. Tangible assets

	Office equipment €	Computer equipment €	Total €
Cost			
At 1 January 2022	-	69,730	69,730
Additions	11,142	114,545	125,687
At 31 December 2022	11,142	184,275	195,417
Depreciation			
At 1 January 2022	-	16,996	16,996
Charge for the year	1,689	30,354	32,043
At 31 December 2022	1,689	47,350	49,039
Net book value			
At 31 December 2022	9,453	136,925	146,378
At 31 December 2021	-	52,734	52,734

14. Stocks

	2022 €	2021 €
Prepaid cards and code generators	8,828	9,285

Notes to the financial statements
for the year ended 31 December 2022

15. Debtors

	2022 €	2021 €
Amounts owed by related parties	**315,000**	300,000
Other debtors	**81,567**	35,387
	396,567	335,387

16. Cash and cash equivalents

	2022 €	2021 €
Cash at bank and in hand	**46,432,155**	36,163,727
	46,432,155	36,163,727

Cash at bank and in hand includes client accounts totalling €45,245,189 (2021: €34,581,954).

17. Analysis of net debt

	At 1 January 2022 €	Cash flows €	At 31 December 2022 €
Cash at bank and in hand	36,163,727	10,268,428	46,432,155
Debt due within 1 year	(8,998)	-	(8,998)
	36,154,729	10,268,428	46,423,157

Notes to the financial statements
for the year ended 31 December 2022

18. Creditors: amounts falling due within one year

	2022 €	2021 €
Other loans	**8,998**	8,998
Payments received on account	**45,245,189**	34,581,954
Trade creditors	**24,878**	20,777
Corporation tax	**317,254**	265,625
Other creditors	**50,049**	-
Accruals and deferred income	**164,143**	122,883
	45,810,511	35,000,237

19. Deferred taxation

	2022 €
At 1 March 2021	**(13,189)**
Charged to profit or loss	**(23,406)**
At 31 December 2021	**(36,595)**

The provision for deferred taxation is made up as follows:

	2022 €	2021 €
Accelerated capital allowances	**(36,595)**	(13,189)
	(36,595)	(13,189)

Notes to the financial statements
for the year ended 31 December 2022

20. Share capital

	2022	2021
	€	€
Authorised, allotted, called up and fully paid		
751,175 (2021 - 751,175) Ordinary A shares of £1.00 each	**861,473**	861,473

21. Reserves

Profit and loss account

Includes all current and prior periods' retained profits and losses.

22. Contingent liabilities

The company had no contingent liabilities at 31 December 2022 or 31 December 2021.

23. Capital commitments

The company had no capital commitments at 31 December 2022 or 31 December 2021.

24. Commitments under operating leases

At 31 December 2022, the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	€	€
Not later than 1 year	**193,848**	104,535
	193,848	104,535

25. Related party transactions

In the year ended 31 December 2022, the company earned income of €3,557 (2021: €3,065) from companies under control or joint control of the directors, and incurred expenditure of €nil (2021: €4,000). At the period end, €116,316 (2021: €13,775) was owed to these related parties.

During the year, the company provided a loan of €300,000 (2021: €300,000) to a company controlled by a director. Interest of €15,000 (2021: €nil) was charged on this loan during the year. At the year end, €315,000 (2021: €300,000) was owed to this company in respect of this loan.

26. Controlling party

In the opinion of the directors the ultimate controlling party is deemed to be Rafal Andzejevski.