



Registered number
SC376020

Paysend plc
Report and financial statements
31 December 2017



Paysend plc

Registered number:

SC376020

Directors' report

The directors present their report and financial statements for the year ended 31 December 2017.

Dividends

The directors do not recommend the payment of a dividend (2016: no dividend)

Items included in strategic review

The directors have chosen to set out certain items (business and financial risk, future developments) in the strategic report that are required by Schedule 7 SI 2008/410 to be in the Directors' report.

Directors

The following persons served as directors during the year:

R Millar

S Harake (resigned 28 February 2018)

D Samarenko (appointed 15 September 2017)

Directors' responsibilities

The directors are responsible for preparing the strategic report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland). 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.

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

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

Paysend plc

Registered number:

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Directors' report

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face.

This report was approved by the board on 19 April 2018 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'Ronald Millar', with a horizontal line drawn underneath it.

Ronald Millar
Director

Paysend plc

Strategic report

Business review

The company has a range of payments products that it is developing and enhancing. These products are designed to alter the way that payments move between consumers and businesses, creating a faster, simpler, lower cost way of moving money around the globe compared to the current financial infrastructure.

We launched a new way of transferring funds in the year (card to card) and closed the existing e-wallet product for new customers in anticipation of our new e-wallet product, that will launch in Q2 2018.

All our products are focussed on revolutionising the global payments experience – we aim to create money without borders.

The company reported a loss for the year of £542,697 (2016: loss £23,351).

The company monitors, on a monthly basis, key performance indicators and metrics in relation to business delivery.

Review of the business

The new product launch enhanced the number of countries we could address by adding countries outside the EEA for the first time. Our network covers over 60 countries now.

Future developments

We will launch a new e-wallet in 2018 and also intend to offer businesses payment processing later in the year.

Regulation and compliance

The directors ensure they can understand the risks related to payment processing and e-wallet operations and have identified and implemented processes to manage and mitigate those risks. There are dedicated personnel in post to understand and monitor the regulatory requirements and set strategies accordingly.

Principal risks and uncertainties

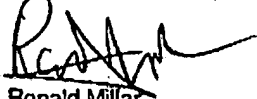
The directors set policies and manage financial risks to enable the company to achieve its long-term growth targets within a prudent risk management framework.

The main business risk is maintaining its relationship with the major card providers. Relationships with these providers are maintained on a regular basis.

The company is an authorised electronic money institution with the Financial Conduct Authority (FCA). Dedicated resources are in place to ensure continued compliance with the FCA regulatory requirements, and to understand emerging regulatory requirements.

The main risks arising from the company's financial instruments are interest rate risk, foreign currency risk, credit risk, and liquidity risk. The directors review exposure to each of these risks on a regular basis, and assess whether or not it is appropriate to adopt relevant financial instruments to mitigate the risk.

This report was approved by the board on 19 April 2018 and signed on its behalf.



Ronald Millar
Director

**Independent auditor's report
to the member of Paysend plc**

Opinion

We have audited the financial statements of Paysend plc (the 'company') for the year ended 31 December 2017 which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement of Cash Flows and the 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 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 2017 and of its loss 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 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.

Who we are reporting to

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.

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.

Independent auditor's report to the member of Paysend plc

Other information

The directors are responsible for the other information. The other information comprises the information included in the strategic report and the directors' 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.

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 has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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 for the financial statements

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 member of Paysend plc**

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



James Chadwick
(Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
19 April 2018

Level 8
110 Queen Street
Glasgow
G1 3BX

Paysend plc
Statement of income and retained earnings
for the year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover	3	188,409	259,764
Cost of sales		(111,520)	(142,280)
Gross profit		<u>76,889</u>	<u>117,484</u>
Administrative expenses		(616,243)	(134,598)
Other operating income		470	-
Operating loss	4	<u>(538,884)</u>	<u>(17,114)</u>
Interest receivable		39	911
Interest payable	7	(3,852)	(7,148)
Loss on ordinary activities before taxation		<u>(542,697)</u>	<u>(23,351)</u>
Tax on loss on ordinary activities	8	-	-
Loss for the financial year		<u>(542,697)</u>	<u>(23,351)</u>
Retained profits at 1 January		277,539	300,890
Dividends paid		-	-
Retained profits at 31 December		<u>(265,158)</u>	<u>277,539</u>

Paysend plc
Statement of financial position
as at 31 December 2017

	Notes	2017 £	2016 £
Fixed assets			
Intangible assets	9	82,728	-
Tangible assets	10	3,793	-
		<u>86,521</u>	-
Current assets			
Debtors	11	292,924	344,508
Cash at bank and in hand	12	741,816	773,069
		<u>1,034,740</u>	<u>1,117,577</u>
Creditors: amounts falling due within one year	13	(386,419)	(440,038)
Net current assets		648,321	677,539
Net assets		<u>734,842</u>	<u>677,539</u>
Capital and reserves			
Called up share capital	14	1,000,000	400,000
Profit and loss account		(265,158)	277,539
Total equity		<u>734,842</u>	<u>677,539</u>



Ronald Millar
 Director

Approved by the board on 19 April 2018

Paysend plc
Statement of Cash Flows
for the year ended 31 December 2017

	2017 £	2016 £
Operating activities		
Operating loss	(538,884)	(17,114)
Adjustments for:		
Depreciation	1,231	-
Amortisation of intangible assets	9,791	-
	<u>(527,862)</u>	<u>(17,114)</u>
Decrease/(increase) in debtors	51,584	(11,138)
Decrease in creditors	<u>(53,619)</u>	<u>(278,108)</u>
Cash used in operating activities	<u>(529,897)</u>	<u>(306,360)</u>
Financing activities		
Interest received	39	911
Interest paid	(3,366)	(77)
Interest element of finance lease payments	(486)	-
Proceeds from the issue of shares	600,000	-
Cash (used)/generated by financing activities	<u>596,187</u>	<u>834</u>
Investing activities		
Payments to acquire intangible fixed assets	(92,519)	-
Payments to acquire tangible fixed assets	(5,024)	-
Cash used in investing activities	<u>(97,543)</u>	<u>-</u>
Net cash used	<u>(31,253)</u>	<u>(305,526)</u>
Cash and cash equivalents at 1 January	<u>773,069</u>	<u>1,078,595</u>
Cash and cash equivalents at 31 December	<u>741,816</u>	<u>773,069</u>

Paysend plc
Notes to the accounts
for the year ended 31 December 2017

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the Companies Act 2006.

Going concern

In line with FRS 102 guidance on going concern, the directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis.

The company updates trading forecasts covering a 12 month period on a regular basis, which together with the supporting assumptions are reviewed by the Board. The current forecast shows that the company is able to operate within its banking facilities during this period and the directors believe that the assumptions underpinning this forecast are both prudent and reasonable.

The directors believe, on the basis of current financial projections and facilities available, that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover represents the invoiced value of services received or receivable, net of discounts and value added taxes. Turnover is earned from transaction processing services. Revenues are recognised at the time services are rendered.

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses. Intangible assets comprise software and software development. The assets are reviewed at each reporting date to determine whether there is any indication of impairment.

Amortisation is provided at rates calculated to write off the costs, less estimated residual value, of each asset evenly over its expected useful life (3 years).

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Computer equipment	over 3 years
Fixtures, fittings, tools and equipment	over 5 years

Cash and cash equivalents

Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Paysend plc
Notes to the accounts
for the year ended 31 December 2017

Financial instruments

The fair values of financial assets and financial liabilities are the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Financial assets are carried on the balance sheet at amortised cost and adjusted to fair value.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Current and deferred tax assets and liabilities are not discounted.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Wallet holders' cash

The company maintains a bank account which is segregated from operating funds and which contain funds held on behalf of customers (Wallet holders). The balance in the segregated account is maintained at a sufficient level to fully offset amounts owing to the company's customers. The e wallet service closed to new customers during the year.

Segregated accounts

The company maintains bank accounts, which are segregated from operating funds. The balances in the segregated accounts are maintained at a sufficient level to fully offset amounts owing to the company's customers and partners.

Leased assets

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Paysend plc
Notes to the accounts
for the year ended 31 December 2017

2 Critical accounting estimates and judgements

Preparation of the financial statements requires management to make significant judgements and estimates. There are no additional judgements or estimates other than those already disclosed.

3 Analysis of turnover

	2017 £	2016 £
Services rendered	<u>188,409</u>	<u>259,764</u>
By geographical market:		
UK	<u>188,409</u>	<u>259,764</u>

4 Operating loss

	£	£
This is stated after charging:		
Depreciation of owned fixed assets	1,231	-
Amortisation of goodwill	9,791	-
Operating lease rentals - land and buildings	46,025	-
Auditors' remuneration for audit services	8,200	-
Auditors' remuneration for tax compliance	<u>2,000</u>	<u>-</u>

5 Directors' emoluments

In the prior year, all directors were remunerated through the company's previous parent undertaking. As these directors were remunerated for their work for the group, it was not possible to apportion the remuneration specifically in respect of services to this company.

	2017 £	2016 £
Emoluments	17,500	258,894
Company contributions to defined contribution pension plans	<u>-</u>	<u>9,305</u>
	<u>17,500</u>	<u>268,199</u>
Highest paid director:		
Emoluments	17,500	137,216
Company contributions to defined contribution pension plans	<u>-</u>	<u>10,292</u>
	<u>17,500</u>	<u>147,508</u>

Number of directors to whom retirement benefits accrued:

	2017 Number	2016 Number
Defined contribution plans	<u>-</u>	<u>2</u>

Paysend plc
Notes to the accounts
for the year ended 31 December 2017

6 Staff costs	2017	2016
	£	£
Wages and salaries	91,494	-
Social security costs	9,979	-
	<u>101,473</u>	<u>-</u>

Average number of employees during the year	Number	Number
Administration	<u>2</u>	<u>-</u>

7 Interest payable	2017	2016
	£	£
Bank loans and overdrafts	22	-
Discounting of related party amounts	3,344	7,148
Finance charges payable under finance leases and hire purchase contracts	486	-
	<u>3,852</u>	<u>7,148</u>

8 Taxation	2017	2016
	£	£
Analysis of charge in period		
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2017	2016
	£	£
Loss on ordinary activities before tax	<u>(542,697)</u>	<u>(23,351)</u>
Standard rate of corporation tax in the UK	19.25%	20.00%
	£	£
Loss on ordinary activities multiplied by the standard rate of corporation tax	(104,451)	(4,670)
Effects of:		
Expenses not deductible for tax purposes	7,268	-
Deferred tax not recognised	97,183	-
Utilisation of tax losses	-	4,670
Current tax charge for period	<u>-</u>	<u>-</u>

Paysend plc
Notes to the accounts
for the year ended 31 December 2017

8 Taxation (continued)

Factors that may affect future tax charges

The Finance Act 2015 maintained the main rate of corporation tax at 19% effective from 1 April 2015.

The company has an unrecognised deferred tax asset of £314,090 (2016 - £228,808) comprised of tax losses. The unrecognised deferred tax asset has been calculated at 17%, as this is the rate substantively enacted at the balance sheet date. This asset has not been recognised as there is insufficient evidence that it will be reversed in the foreseeable future.

9 Intangible fixed assets

£

Software:

Cost

Additions

92,519

At 31 December 2017

92,519

Amortisation

Provided during the year

9,791

At 31 December 2017

9,791

Carrying amount

At 31 December 2017

82,728

Software is being written off in equal annual instalments over its estimated economic life of 3 years.

10 Tangible fixed assets

**Computer
equipment**
At cost
£

Cost or valuation

Additions

5,024

At 31 December 2017

5,024

Depreciation

Charge for the year

1,231

At 31 December 2017

1,231

Carrying amount

At 31 December 2017

3,793

Paysend plc
Notes to the accounts
for the year ended 31 December 2017

11 Debtors	2017	2016
	£	£
Trade debtors	-	1,798
Amounts owed by related entities	159,499	337,255
Other debtors	697	196
Prepayments	132,728	5,259
	<u>292,924</u>	<u>344,508</u>

12 Cash at bank and in hand	2017	2016
	£	£
Wallet holders' cash	164,190	344,133
Segregated accounts	314,885	-
Restricted cash	225,836	-
Cash at bank and in hand	36,905	428,936
	<u>741,816</u>	<u>773,069</u>

Restricted cash is cash held on deposit with payment providers.

13 Creditors: amounts falling due within one year	2017	2016
	£	£
Trade creditors	51,897	6,981
Amounts owed to group undertakings	150,022	-
Amounts owing to related entities	-	6,513
Other taxes and social security costs	-	626
Other creditors	177,500	425,918
Accruals	7,000	-
	<u>386,419</u>	<u>440,038</u>

14 Share capital	Nominal value	2017 Number	2017 £	2016 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	1,000,000	<u>1,000,000</u>	<u>400,000</u>
	Nominal value	Number	Amount £	
Shares issued during the period:				
Ordinary shares	£1 each	600,000	<u>600,000</u>	

The original share capital of 400,000 ordinary shares was purchased by Paysend Group Ltd in October 2017. Paysend Group Ltd subsequently subscribed for an additional 600,000 shares of £1 each and owns 100% of the company.

Paysend plc
Notes to the accounts
for the year ended 31 December 2017

15 Related party transactions

Ronald Millar is a director of both Paysend plc and Paywizard Group plc. Services with Paywizard Group for the year were £71,000 (2016: £111,000). Payments received from Paywizard Group were £174,534 (2016: £Nil).

Paysend Group Ltd is the parent company of Paysend plc. Funds were received from Paysend Group, and payments were made by Paysend plc on behalf of Paysend Group. The balance owed to Paysend Group Ltd at 31 December is £150,022.

Paysend Group Ltd is the parent company of Paysend plc. Funds were received from Paysend Group, and payments were made by Paysend plc on behalf of Paysend Group. The balance owed to Paysend Group Ltd at 31 December is £150,022.

Key management personnel only includes the directors, Ronald Millar and Daria Samarenko.

16 Controlling party

The company's parent undertaking is Paysend Group Limited, a company registered in Scotland. It has included the company in its group financial statements, copies of which can be obtained from Cluny Court, John Smith Business Park, Kirkcaldy, KY2 6QJ.

17 Presentation currency

The financial statements are presented in sterling.

18 Legal form of entity and country of incorporation

Paysend plc is a limited company incorporated in Scotland.

19 Principal place of business

The address of the company's principal place of business and registered office is:

Cluny Court
John Smith Business Park
Kirkcaldy
Fife
KY2 6QJ

Paysend plc
Company information

Directors

R Millar
S Harake (resigned 28 February 2018)
D Samarenko (appointed 15 September 2017)

Auditors

Grant Thornton UK LLP
Level 8
110 Queen Street
Glasgow
G1 3BX

Bankers

Royal Bank of Scotland Group plc
36 St Andrew Square
Edinburgh
EH1 1YZ

Solicitors

Harper Macleod
Citypoint
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EH12 5HD

Registered office

Cluny Court
John Smith Business Park
Kirkcaldy
Fife
KY2 6QJ

Registered number

SC376020