

NVAYO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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NVAYO LIMITED

COMPANY INFORMATION

Directors	C Jacklin D Harper (appointed 30 June 2022, resigned 6 February 2023) W Wellinghoff (appointed 17 December 2021, resigned 1 March 2023) D Ibrahim (appointed 19 May 2020, resigned 4 February 2021) P Goodfellow (appointed 31 March 2021, resigned 25 January 2022) A Vincente (appointed 1 March 2023)
Company secretary	L Kirkham
Registered number	06035209
Registered office	1 King William Street London EC4N 7AF
Independent auditors	Price Bailey LLP Chartered Accountants & Statutory Auditors 24 Old Bond Street London W1S 4AP
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP

NVAYO LIMITED

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NVAYO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The principal activity of Nvayo Limited ('Nvayo' or 'the Company') is to issue electronic money in multiple currencies via the issuing of electronic wallets and prepaid cards to its customers. In order to carry out that activity, the Company is authorised and regulated by the Financial Conduct Authority ('FCA') under the Electronic Money Regulations 2011 to issue electronic money and conduct payment services.

The Company specialises in making financial services quick and easy for its customers through a wide range of innovative financial services including issuing electronic money, payment processing, foreign exchange dealing and issuance of prepaid payment cards.

The Company has also developed a digital platform used across the group to provide all the services offered to customers. Nvayo's technology places security, scalability, and functionality at the centre of the digital platform design, which was conceived from the ground up without ties to legacy platforms. The platform represents the very best of an agile contemporary financial services platform.

Financial services are provided to customers under two principle B2C brands. Aurae Lifestyle, an established lifestyle and concierge membership service focused on the ultra-high net worth individuals offering a highly personalised service and support, and Club Swan, which offers a wide choice of similar lifestyle and concierge membership services, but with greater emphasis on self-service through the Club Swan app and digital online platform. In addition, Nvayo provides services to customers under several white-labelled partnerships.

Business review

Nvayo had an exceptionally strong performance in 2021, as it continued to deliver against its strategic priority of creating an innovative, scalable, and robust financial services platform, to support the services offered to its ever-expanding customer base, which has been driven by the increase in white-labelled partnerships and Club Swan products.

Nvayo delivered significant turnover growth of 110% to £9.8m in 2021 from £4.7m in 2020. Profit before tax also grew by 120% to £1.9m from a loss before tax of £9.2m in 2020. This growth was due to a significant increase in transactional volume for the year, attributable to new customers through the white-label partnerships and Club Swan products. These increases were further amplified by a non-reoccurring material expense in 2020 (£9.4m), which related to a one-time write-off.

Nvayo has continued to invest heavily in creating an innovative, scalable, and robust platform, which contributed to an increase in administrative expenses from £3.7m in 2020 to £6.6m for 2021. This was mainly due to an increase in staff costs and amortisation of the internally generated intangible assets, as the Company continued to build-out its technical, operational and management capabilities to support the increase in customer numbers.

During the year, Nvayo sold a book of business at market value to CoinX Inc. ('CoinX'), a related entity part of a PMA Media Group Inc, as part of a group-wide project to streamline operations. This involved the sale and transfer of a portfolio of Nvayo customers to CoinX, resulting in a gain of £269k for Nvayo. The sale has been disclosed within other operating income.

NVAYO LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

Risk management is an integral part of managing the business and the Company maintains and reviews its risks and risk appetite on a regular basis.

Due to the nature of the financial services offered, Nvayo has identified eight principal risks and uncertainties to which the Company has implemented robust and proportionate controls.

Regulatory risk

Regulatory risk is the risk that the Company does not meet all its regulatory requirements as the scale and pace of regulatory change continues to increase. As an FCA licenced electronic money institution, Nvayo is required to abide by the Electronic Money Regulations 2011 and the FCA Approach Document and Handbook.

The regulatory environment continues to evolve, needing significant effort and investment from the Company. The Company engages with regulators, advisors, and reviews regulatory publications to assess the implications and plans for any changes.

The Board considers that the Company has complied with these regulations throughout the year.

Currency Risk

Foreign currency exchange risk is the risk that the value of a financial instrument will vary with respect to foreign currency fluctuations. The Company monitors this risk and reviews policies on a regular basis to minimise this risk.

Financial Crime Risk

Financial crime risk is the risk that Nvayo may be subject to or cause the facilitation of financial crime through its business operations thereby causing significant risk exposure to financial, reputational, and regulatory controls.

The Board considers that it has maintained robust controls and has put in place an adequate programme of reviews and ongoing improvements and undertakes an annual external financial crime audit in managing and minimising the risk posed relating to financial crime.

Operational Risk

Operational risk is the risk of failure in internal processes affecting employees, business processes and customers. The business operates operational processes with flexible resourcing across multiple global locations to ensure resilient and scalable processes.

Credit Risk

Credit risk is the risk of financial loss to the Company, as a result of chargebacks or unauthorised transactions, or where a customer will fail to meet their contractual obligations.

Due to the nature of the services offered to customers, the Company can prevent customers from going overdrawn on their wallet or pre-paid card and has robust controls in place to manage chargeback or unauthorised transaction risks.

Capital and Liquidity Risk

The Company ensures that it maintains sufficient regulatory capital, own funds and liquid resources to continue to operate with a stable foundation within the regulatory environment, as well as cover likely future settlement and client safeguarding obligations and meet its ongoing liabilities. Additional liquidity is available from the parent and wider group if required.

The Company prepares forecasts to ensure that it will have sufficient liquidity and capital in future periods.

Technology and Data Security risk

Technology and data security risk is the risk of the inability to cope with unscheduled downtime or maintain adequate systems and services to meet business demands, or data loss due to poor data security infrastructure.

The Company undertakes an annual external IT security audit to assist in managing and minimising the risks posed in addition to periodic penetration testing.

NVAYO LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Business Continuity and Disaster Recovery Risk

Unexpected external or internal events that prevent the business operations to function in accordance with accepted service levels or total loss to business functions may have a significant impact on servicing the business and its customers.

The Company has in place resilient and scalable systems and resources to manage any unexpected situations and continues to work remote following the global pandemic with no loss to operational functionality or service.

Financial key performance indicators

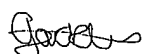
Nvayo made strong progress throughout the year against its strategic goals, translating into a 106% increase in its return on equity, which was driven by strong profitability on the back of significant increases in customer growth numbers.

The Board monitors the progress of the Company by reference to the following KPIs:

	2021 £	2020 £	% Change	
Revenue	9,846,910	4,676,804	110%	Turnover significantly increased in 2021, driven by transaction volumes which more than doubled on the back of strong customer growth numbers.
Administrative expenses	6,561,077	3,772,963	74%	Administrative expenses continued to increase in line with growth, driven by Nvayo's continued investment in its platform and support functions.
Profit/(loss) before tax	1,866,059	(9,153,028)	120%	Profitability increased in 2021 on the back of strong customer growth which resulted in a significant uptick in transaction volume. This increase was further amplified by a non-recurring material expense in 2020.
Intangible asset additions	997,309	1,833,811	(46%)	Investment in the Nvayo's technology platform continued in 2021, but at a reduced rate to the previous year.
Capital and reserves	7,426,539	5,599,933	32%	Nvayo's reserves increased in 2021 due to increased profitability on the back of robust customer growth.
Return on Equity	30%	(157%)	187%	Return on equity increased in 2021 due to strong profitability in the period.

This report was approved by the board on 06 Apr 2023

and signed on its behalf.



Jackie
Director

NVAYO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

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'. 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 judgments 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,826,606 (2020 - loss £8,802,716).

Directors

The directors who served during the year were:

C Jacklin
D Harper (appointed 30 June 2022, resigned 6 February 2023)
W Wellinghoff (appointed 17 December 2021, resigned 1 March 2023)
D Ibrahim (appointed 19 May 2020, resigned 4 February 2021)
P Goodfellow (appointed 31 March 2021, resigned 25 January 2022)
A Vincente (appointed 1 March 2023)

NVAYO LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Research and development activities

During 2021 the Company continued to invest in the development of the technology platform that underpins the services offered to customers across the group. Nvayo's technology places security, scalability, and functionality at the centre of the design. The platform represents the very best of contemporary financial services agile platforms. Best in class technology providers have been used throughout to provide key capabilities, all tied together through one integrated platform.

Research and Development spend of £1m (2020: £1.8m) has been capitalised as an intangible asset during the year, where the activities meet the recognition criteria to do so.

Software development spend in 2021 was reduced year on year given that there was an increased focus on embedding and optimising current technologies, which did not meet the recognition criteria.

Disclosure of information to auditors

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

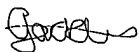
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors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

Auditors

The auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 06 Apr 2023

and signed on its behalf.



Chris Jacklin (Apr 6, 2023, 3:53pm)

C Jacklin
Director

NVAYO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NVAYO LIMITED

Opinion

We have audited the financial statements of Nvayo Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 2021 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 Auditors' 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 Auditors' 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.

NVAYO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NVAYO LIMITED (CONTINUED)

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 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 set out on page 4, 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.

NVAYO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NVAYO LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions to identify large or unusual transactions. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Reviewing minutes of Board meetings, agreeing the financial statement disclosures to underlying supporting documentation, enquiries of management and officers of the Company and a review of the risk management processes and procedures in place including a review of the compliance register maintained by the company. We have also reviewed the procedures in place for the reporting of any incidents to the Board including serious incident reporting of these matters as necessary.

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 Auditors' 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 Auditors' 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.



Richard Vass (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
24 Old Bond Street
London
W1S 4AP
Date: 6 April 2023

NVAYO LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021 £	2020 £
Turnover	4	9,846,910	4,676,804
Cost of sales		(1,690,550)	(666,892)
Gross profit		<u>8,156,360</u>	<u>4,009,912</u>
Administrative expenses		(6,561,035)	(3,772,963)
Exceptional administrative expenses		-	(9,417,511)
Other operating income	6	270,734	27,534
Operating profit/(loss)	7	<u>1,866,059</u>	<u>(9,153,028)</u>
Interest receivable and similar income	10	1,837	9,091
Interest payable and similar expenses	11	(61,094)	(66,803)
Profit/(loss) before tax		<u>1,806,802</u>	<u>(9,210,740)</u>
Tax on profit/(loss)	12	19,804	408,024
Profit/(loss) for the financial year		<u><u>1,826,606</u></u>	<u><u>(8,802,716)</u></u>

There was no other comprehensive income for 2021 (2020:£NIL).

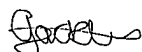
The notes on pages 12 to 25 form part of these financial statements.

NVAYO LIMITED
REGISTERED NUMBER: 06035209

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	13	2,827,677	3,541,304
Tangible assets	14	14,742	26,188
Investments	15	1,120	1,120
		<u>2,843,539</u>	<u>3,568,612</u>
Current assets			
Debtors: amounts falling due within one year	16	9,392,200	4,677,588
Cash at bank and in hand	17	3,657,910	10,693,160
		<u>13,050,110</u>	<u>15,370,748</u>
Creditors: amounts falling due within one year	18	(6,447,110)	(11,319,427)
Net current assets		<u>6,603,000</u>	<u>4,051,321</u>
Total assets less current liabilities		<u>9,446,539</u>	<u>7,619,933</u>
Creditors: amounts falling due after more than one year	19	(2,020,000)	(2,020,000)
Net assets		<u><u>7,426,539</u></u>	<u><u>5,599,933</u></u>
Capital and reserves			
Called up share capital	21	7,851,580	7,851,580
Other reserves	22	4,244,666	4,244,666
Profit and loss account	22	(4,669,707)	(6,496,313)
		<u><u>7,426,539</u></u>	<u><u>5,599,933</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 06 Apr 2023



C. Jacklin
 Chris Jacklin (Apr 6, 2023, 3:53pm)
 Director

The notes on pages 12 to 25 form part of these financial statements.

NVAYO LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Capital contribution £	Profit and loss account £	Total equity £
At 1 January 2020	7,851,580	4,244,666	2,306,403	14,402,649
Comprehensive income for the year				
Profit for the year	-	-	(8,802,716)	(8,802,716)
At 31 December 2020	-	-	-	-
At 1 January 2021	7,851,580	4,244,666	(6,496,313)	5,599,933
Comprehensive income for the year				
Profit for the year	-	-	1,826,606	1,826,606
Total transactions with owners	-	-	-	-
At 31 December 2021	7,851,580	4,244,666	(4,669,707)	7,426,539

The notes on pages 12 to 25 form part of these financial statements.

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Nvayo Limited is a private company limited by shares incorporated in England & Wales. The registered office address is 1 King William Street, London, EC4N 7AF. The financial statements are prepared in GBP and rounded to the nearest £1.

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 UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of AU Card Limited as at 31 December 2021 and these financial statements may be obtained from Companies House.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pounds Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

2.6 Operating leases

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

2.7 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, which range from 3 to 6 years.

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.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.9 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.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Taxation

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 balance sheet date in the countries where the Company operates and generates income.

2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.14 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.

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	-	3	years
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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. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired. Costs associated with maintaining computer software are recognised as an expense as incurred.

Software development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.15 Tangible fixed 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.

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.15 Tangible fixed 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.

Depreciation is provided on the following basis:

Computer equipment	-	33% straight-line
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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.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.17 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.

2.18 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.

2.19 Creditors

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

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

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

The Directors make estimates and assumptions concerning the future based on their knowledge of the business and the markets it operates in. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. Areas considered to be potentially material to the financial statements include the provision for irrecoverable debts.

NVAYO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Turnover

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	2,855,605	11,071
Rest of Europe	1,575,505	175,486
USA	5,110,546	4,374,299
Rest of the world	305,254	115,948
	<u>9,846,910</u>	<u>4,676,804</u>

5. Exceptional items

	2021 £	2020 £
Cancellation of amounts owed by group undertakings	-	9,417,511
	<u>-</u>	<u>9,417,511</u>

In the prior year, the Company wrote-off a portion of the amount owned by group undertakings as part of a group-wide rationalization of intercompany balances. Due to the one-off nature and size of the cancellation it has been disclosed separately within the financial statements as an exceptional item.

6. Other operating income

	2021 £	2020 £
Government grants receivable	1,481	27,534
Profit on disposal of client list	269,253	-
	<u>270,734</u>	<u>27,534</u>

7. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Exchange differences	16,234	486,919
Other operating lease rentals	5,708	97,865
	<u>21,942</u>	<u>584,784</u>

NVAYO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors and their associates:

	2021 £	2020 £
Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements	18,000	15,500

9. Employees

	2021 £	2020 £
Wages and salaries	1,276,761	724,154
Social security costs	215,450	151,996
Cost of defined contribution scheme	63,689	46,200
	<u>1,555,900</u>	<u>922,350</u>

A proportion of staff costs relating to employees developing intangible assets for the company have been capitalised and are therefore included in software development additions for the year.

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

	2021 No.	2020 No.
Employees	<u>22</u>	<u>19</u>

10. Interest receivable

	2021 £	2020 £
Other interest receivable	1,837	9,091
	<u>1,837</u>	<u>9,091</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Other loan interest payable	61,094	66,803
	<u>61,094</u>	<u>66,803</u>

NVAYO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	(19,804)	(408,024)
Total current tax	<u>(19,804)</u>	<u>(408,024)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(19,804)</u>	<u>(408,024)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	<u>1,806,802</u>	<u>(9,210,740)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	343,292	(1,750,041)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	1,790,658
Capital allowances for year in excess of depreciation	326,679	207,562
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(220,887)	(666,188)
Unrelieved tax losses carried forward	11,259	9,985
Tax interest incurred	6,570	-
Other differences leading to an increase (decrease) in the tax charge	(486,717)	-
Total tax charge for the year	<u>(19,804)</u>	<u>(408,024)</u>

NVAYO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Intangible assets

	Software development £
Cost	
At 1 January 2021	5,314,277
Additions - internal	997,309
	<hr/>
At 31 December 2021	6,311,586
	<hr/>
Amortisation	
At 1 January 2021	1,772,973
Charge for the year on owned assets	1,710,936
	<hr/>
At 31 December 2021	3,483,909
	<hr/>
Net book value	
At 31 December 2021	2,827,677
	<hr/> <hr/>
At 31 December 2020	3,541,304
	<hr/> <hr/>

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Tangible fixed assets

	Computer equipment £
Cost or valuation	
At 1 January 2021	106,206
Additions	3,313
Disposals	(1,578)
At 31 December 2021	<u>107,941</u>
Depreciation	
At 1 January 2021	80,018
Charge for the year on owned assets	13,181
At 31 December 2021	<u>93,199</u>
Net book value	
At 31 December 2021	<u><u>14,742</u></u>
At 31 December 2020	<u><u>26,188</u></u>

NVAYO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	1,120
At 31 December 2021	<u>1,120</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Nvayo Global Services Private Limited	India	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Nvayo Global Services Private Limited	50,342	13,517

16. Debtors

	2021 £	2020 £
Trade debtors	47,046	-
Amounts owed by group undertakings	8,365,262	3,419,264
Other debtors	542,730	545,451
Prepayments and accrued income	22,797	323,079
Tax recoverable	414,365	389,794
	<u>9,392,200</u>	<u>4,677,588</u>

NVAYO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. Cash and cash equivalents

	2021 £	2020 £
Own cash and cash equivalents	61,516	1,084,234
Restricted cash held on behalf of customers	3,596,394	9,608,926
	<u>3,657,910</u>	<u>10,693,160</u>

Own cash and cash equivalents represent the Company's owned funds held for regulatory capital and liquidity requirements, and its own operating cash balances for general corporate purposes.

Restricted cash held at central banks and other banks in respect of customers represents safeguarded funds related to the Company's regulated E-Money services. Client funds are held in segregated safeguarded accounts with authorised credit institutions as part of the Company's safeguarding policy.

18. Creditors: Amounts falling due within one year

	2021 £	2020 £
Other loans	5,212	5,159
Customer liabilities	6,132,199	10,970,816
Trade creditors	200,930	161,083
Amounts owed to group undertakings	-	250
Other taxation and social security	68,612	61,720
Other creditors	10,854	9,999
Accruals and deferred income	29,303	110,400
	<u>6,447,110</u>	<u>11,319,427</u>

19. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Other loans	2,020,000	2,020,000
	<u>2,020,000</u>	<u>2,020,000</u>

NVAYO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Other loans	5,212	5,159
	<u>5,212</u>	<u>5,159</u>
Amounts falling due 1-2 years		
Other loans	2,020,000	2,020,000
	<u>2,020,000</u>	<u>2,020,000</u>
	<u>2,025,212</u>	<u>2,025,159</u>

21. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
7,851,580 (2020 - 7,851,580) Ordinary shares of £1 each	7,851,580	7,851,580
	<u>7,851,580</u>	<u>7,851,580</u>

22. Reserves

Capital contribution reserve

This represents capital contributions received from shareholders for no additional shares in the company.

Profit and loss account

The profit and loss reserve represents accumulated comprehensive income for the year and prior periods less any dividends paid.

23. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £63,689 (2020 - £46,200).

The contributions of £10,854 (2020 - £9,999) were outstanding to the fund at 31 December 2021.

NVAYO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

24. Related party transactions

The Company has taken advantage of the exemption from the requirement to disclose transactions with wholly owned group companies.

As at 31 December 2021 the company owed C Scanlon, the ultimate beneficial owner, £2,020,000 (2020 - 2,020,000) which is included within other loans. During the period interest was charged on this loan of £61,094 (2020 - £61,644)

25. Controlling party

The ultimate holding Company is PMA Media Group Inc. a Company incorporated in the USA.

The Company's immediate holding Company during the year is AU Card Limited, a Company incorporated in the UK under the same trading address.