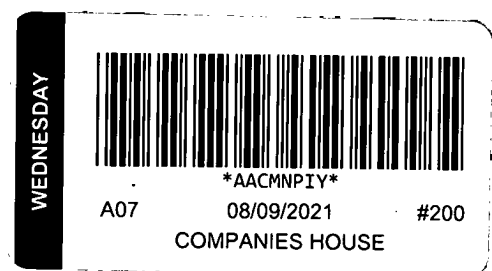


**NVAYO LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



## **NVAYO LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	C Jacklin R Schelin (resigned 18 November 2020) L Kirkham (resigned 31 March 2021) D Ibrahim (appointed 19 May 2020, resigned 4 February 2021) P Goodfellow (appointed 31 March 2021)
<b>Company secretary</b>	A Brande
<b>Registered number</b>	06035209
<b>Registered office</b>	1 King William Street London EC4N 7AF
<b>Independent auditors</b>	Price Bailey LLP Chartered Accountants & Statutory Auditors 24 Old Bond Street London W1S 4AP
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP

## **NVAYO LIMITED**

### **CONTENTS**

	<b>Page</b>
<b>Strategic Report</b>	<b>1 - 3</b>
<b>Directors' Report</b>	<b>4 - 5</b>
<b>Independent Auditors' Report</b>	<b>6 - 8</b>
<b>Statement of Comprehensive Income</b>	<b>9</b>
<b>Balance Sheet</b>	<b>10</b>
<b>Statement of Changes in Equity</b>	<b>11</b>
<b>Notes to the Financial Statements</b>	<b>12 - 26</b>

## **NVAYO LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **Introduction**

The principal activity of Nvayo Limited is to issue electronic money in multiple currencies via an electronic wallet and prepaid card to its customers. In order to carry out that activity, the Company is authorised and regulated by the Financial Conduct Authority (FCA) to issue electronic money as a prepaid card issuer.

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 payment cards, including the solid gold Auraa Lifestyle payment card.

The Company has also developed the digital platform used across the group to provide all the services offered to customers. Nvayo 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 contemporary financial services agile platforms.

Financial services are provided to customers under two principle B2C brands. Auraa Lifestyle, an established membership scheme focused on the ultra-high net worth individuals offering a highly personalised service and support, and Club Swan, which offers a wide choice of services, but with greater emphasis on self-service via the Club Swan app and customer website. In addition Nvayo provides services to customers under a number of white-labelled partnerships.

#### **Business review**

The Company has continued to make significant progress against its key strategic goal of creating an innovative, scalable and robust technical and operational platform to support the services offered to customers and the planned increase in customer numbers, primarily driven by the white-labelled and Club Swan products.

Covid-19 had a temporary negative impact on transaction volumes during the year, however this was largely offset by a increase in customer numbers, resulting in a small fall in turnover from 2019 of £5.0m to £4.6m for 2020.

Nvayo has continued to invest heavily in creating an innovative, scalable and robust technical and operational platform to support the product brand, which contributed to the increase in administrative expenses from £2.0m in 2019 to £3.4m for 2020. This was mainly due to an increase in staff costs and amortisation of the internally generated software intangible asset as the Company continued to build-out its technical, operation and management capabilities to support the increase in customer numbers.

During the year, the Company wrote-off £9.4m of a balance owned by group undertakings, as part of a group-wide rationalisation 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. This one-off cancellation is not normal operating activities of the Company, excluding this exceptional item the Operating profit for the year was £264k. The cancellation results in negative Profit and Loss account of £6.6m, although total Capital and Reserves remain positive at £5.5m.

## NVAYO LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### Principal risks and uncertainties

Risk management is an integral part of managing the business and the Company maintains and reviews its risk register on a regular basis. Due to the nature of the financial products offered, a key risk to the Company is the possibility of financial crime. In order to mitigate this risk, the Company has robust policies and procedures in place.

##### Regulatory risk

Regulatory risk is the risk that the company does not meet all its regulatory requirements. As an FCA licenced electronic money institution, Nvayo is required to abide by the Electronic Money Regulations 2011. The Board considers that the company has complied with these regulations throughout the year. The Company undertakes an annual external compliance audit to ensure policies, procedures and controls are appropriate and up to date.

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

##### IT and Operational Risk

IT risk is the risk of loss due to a failure of IT systems and Operational Risk is the risk of failure in internal processes. The digital platform that underpins all the services provided to customers, including the self-service financial services. The Company undertakes an annual external IT security audit to assist in managing and minimising the risk posed by IT systems.

##### Credit Risk

Credit risk is the risk of financial loss to the Company that a customer will fail to meet their contractual obligations. Due to the nature of the services offered to customers, the Company is able to prevent customers from going overdrawn on their wallet or pre-paid card.

##### Liquidity Risk

The Company ensures that it maintains sufficient cash and liquid resources to cover likely future settlement and client safeguarding obligations. Additional liquidity is available from the parent and wider Group if required.

The Company prepares forecasts and stress testing to ensure that it will have sufficient cash in future periods.

##### 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.

## NVAYO LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### Financial key performance indicators

Despite the impact of Covid-19 the Company made progress throughout the year in relation to key elements of its strategy. The Board monitors the progress of the Company by reference to the following KPIs:

	2020 £	2019 £	
Turnover	4,676,804	5,008,401	A temporary reduction in customer transaction volumes due to Covid-19 was partially off-set by an increase in customer numbers.
Turnover growth	-7%	-41%	
Administrative expenses	3,772,963	2,619,053	Administrative expenses increased as the Company continued to build-out its operating platform and support functions.
(Loss)/Profit before tax	(9,153,028)	1,837,458	Profitability decreased in 2020 partially due to a fall in revenues and increased costs, but also due to a one-off write-off of an intercompany loan due from a group company as part of a group-wide rationalisation of intercompany balances. Excluding this exceptional item the operating profit for the year was £264k
Intangible asset additions	1,833,811	1,831,644	Investment in the Company's technology platform continued in 2020.
Capital and reserves	5,599,933	14,402,649	The reserves decreased in 2020 due to a one-off write-off of an intercompany loan due from a group company.

This report was approved by the board on 20 August 2021 and signed on its behalf.



**P Goodfellow**  
Director

## NVAYO LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

#### 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 loss for the year, after taxation, amounted to £8,802,716 (2019 - profit £1,806,901).

#### Directors

The directors who served during the year were:

C Jacklin  
R Schelin (resigned 18 November 2020)  
L Kirkham (resigned 31 March 2021)  
D Ibrahim (appointed 19 May 2020, resigned 4 February 2021)

#### Research and development activities

During 2020 the Company continued to invest in the development of the technology platform that underpins the services offered to customers across the group. Nvayo 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. Software development spend of £1.83m has been capitalised as an intangible asset during the year (2019: £1.83m) where the activities meets the recognition criteria to do so.

**NVAYO LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**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 20 August 2021 and signed on its behalf.

A handwritten signature in black ink, consisting of a stylized 'P' followed by a wavy line.

P Goodfellow  
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 2020, 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 2020 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 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.

## **NVAYO LIMITED**

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

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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 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](http://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: 20 August 2021

**NVAYO LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020 £	2019 £
Turnover	4	4,676,804	5,008,401
Cost of sales		(666,892)	(569,290)
<b>Gross profit</b>		<u>4,009,912</u>	<u>4,439,111</u>
Administrative expenses		(3,772,963)	(2,601,653)
Exceptional administrative expenses	5	(9,417,511)	-
Government grants		27,534	-
<b>Operating (loss)/profit</b>	7	<u>(9,153,028)</u>	<u>1,837,458</u>
Interest receivable and similar income	10	9,091	14,110
Interest payable and similar expenses	11	(66,803)	(44,667)
<b>(Loss)/profit before tax</b>		<u>(9,210,740)</u>	<u>1,806,901</u>
Tax on (loss)/profit	12	408,024	-
<b>(Loss)/profit for the financial year</b>		<u><u>(8,802,716)</u></u>	<u><u>1,806,901</u></u>

There was no other comprehensive income for 2020 (2019 - £NIL).

The notes on pages 12 to 26 form part of these financial statements.

**NVAYO LIMITED**  
**REGISTERED NUMBER: 06035209**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	As restated 2019 £
<b>Fixed assets</b>			
Intangible assets	13	3,541,304	2,807,605
Tangible assets	14	26,188	19,488
Investments	15	1,120	1,120
		<u>3,568,612</u>	<u>2,828,213</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	4,677,588	14,457,193
Cash at bank and in hand	17	10,693,160	12,440,064
		<u>15,370,748</u>	<u>26,897,257</u>
Creditors: amounts falling due within one year	18	(11,319,427)	(13,302,821)
<b>Net current assets</b>		<u>4,051,321</u>	<u>13,594,436</u>
<b>Total assets less current liabilities</b>		<u>7,619,933</u>	<u>16,422,649</u>
Creditors: amounts falling due after more than one year	19	(2,020,000)	(2,020,000)
<b>Net assets</b>		<u><u>5,599,933</u></u>	<u><u>14,402,649</u></u>
<b>Capital and reserves</b>			
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	(6,496,313)	2,306,403
		<u><u>5,599,933</u></u>	<u><u>14,402,649</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 August 2021.



**P Goodfellow**  
Director

The notes on pages 12 to 26 form part of these financial statements.

**NVAYO LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Capital contribution £	Profit and loss account £	Total equity £
<b>At 1 January 2019</b>	7,851,580	4,244,666	(350,834)	11,745,412
Prior year adjustment	-	-	850,336	850,336
	<u>7,851,580</u>	<u>4,244,666</u>	<u>499,502</u>	<u>12,595,748</u>
<b>At 1 January 2019</b>				
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,806,901	1,806,901
	<u>7,851,580</u>	<u>4,244,666</u>	<u>2,306,403</u>	<u>14,402,649</u>
<b>At 1 January 2020</b>				
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(8,802,716)	(8,802,716)
	<u>7,851,580</u>	<u>4,244,666</u>	<u>(6,496,313)</u>	<u>5,599,933</u>
<b>At 31 December 2020</b>				

The notes on pages 12 to 26 form part of these financial statements.

## NVAYO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 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 financial statements have been restated in order to display client cash balances held in the Company's own safeguarded bank accounts in Nvayo's balance sheet, rather than removing the client cash balances and associated client liabilities.

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 2020 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 its immediate parent undertaking established under the law of an EEA state 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 2020**

#### **2. Accounting policies (continued)**

##### **2.4 Going concern**

The company was impacted, like all UK based businesses, by restrictions imposed by the UK Government in response to the Covid-19 pandemic during 2020. However, the business operations have continued largely unaffected, with staff working remotely from home.

Nvayo's turnover is dependent on its customers transacting through their e-money wallets and cards and transaction volumes were temporarily impacted by the pandemic. However the decrease in customer activity was largely offset by an increase in customer numbers during the year.

The directors consider that the resources available to the company will be sufficient for it to be able to continue as a going concern. The financial statements do not contain any adjustments that would be required if the company were not able to continue as a going concern.

##### **2.5 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.

##### **2.6 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:

Income from the company's principle activities is recognised when a customer has executed a transaction and associated fees can be charged in line with contractual agreements.

##### **2.7 Operating leases**

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



## NVAYO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

## 2. Accounting policies (continued)

### 2.8 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.

### 2.9 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.

### 2.10 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.

### 2.11 Borrowing costs

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

### 2.12 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.

### 2.13 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.

### 2.14 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 2020

#### 2. Accounting policies (continued)

##### 2.15 Intangible assets

Intangible assets are initially recognised at cost once the recognition criteria has been met. After recognition, under the cost model, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged from when the intangible asset is available for use and is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software development	-	3	years
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Amortisation is included in 'administrative expenses' in the profit and loss account.

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.

##### 2.16 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 2020

#### 2. Accounting policies (continued)

##### 2.16 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.

##### 2.17 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.

##### 2.18 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.

##### 2.19 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.

Cash and cash equivalents include restricted cash held on behalf of customers. Client funds are held in segregated safeguarded accounts with authorised credit institutions as part of the Company's safeguarding policy.

##### 2.20 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.

Customer liabilities are recognised upon the issue of electronic money to its customers equal to the amount of electronic money that has been issued.

# NVAYO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 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.

### 4. Turnover

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	11,071	27,394
United States of America	4,374,299	1,714,106
Rest of Europe	175,486	1,094,578
Rest of the world	115,948	2,172,323
	<u>4,676,804</u>	<u>5,008,401</u>

### 5. Exceptional items

	2020 £	2019 £
Cancellation of amounts owed by group undertakings	9,417,511	-
	<u>9,417,511</u>	<u>-</u>

During the 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

	2020 £	2019 £
Government grants receivable	27,534	-
	<u>27,534</u>	<u>-</u>

**NVAYO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**7. Operating (loss)/profit**

The operating (loss)/profit is stated after charging:

	2020 £	2019 £
Exchange differences	486,919	714,532
Other operating lease rentals	97,865	207,461
	<u>          </u>	<u>          </u>

**8. Auditors' remuneration**

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	15,500	12,900
	<u>          </u>	<u>          </u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent Company.

**9. Employees**

	2020 £	2019 £
Wages and salaries	724,154	234,265
Social security costs	151,996	58,727
Cost of defined contribution scheme	46,200	18,970
	<u>          </u>	<u>          </u>
	<u>922,350</u>	<u>311,962</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:

	2020 No.	2019 No.
Employees	19	6
	<u>          </u>	<u>          </u>

**NVAYO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**10. Interest receivable**

	2020 £	2019 £
Other interest receivable	9,091	14,110
	<u>9,091</u>	<u>14,110</u>

**11. Interest payable and similar expenses**

	2020 £	2019 £
Other loan interest payable	66,803	18,613
Other interest payable	-	26,054
	<u>66,803</u>	<u>44,667</u>

**12. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	(408,024)	-
<b>Total current tax</b>	<u>(408,024)</u>	<u>-</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(408,024)</u>	<u>-</u>

**NVAYO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**12. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	(9,210,740)	1,806,901
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	-	339,102
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	(344,886)
Capital allowances for year in excess of depreciation	-	89,594
Utilisation of tax losses	-	(2,681)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(408,024)	(370,441)
Unrelieved tax losses carried forward	-	289,312
<b>Total tax charge for the year</b>	<b>(408,024)</b>	<b>-</b>

**NVAYO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**13. Intangible assets**

	Software development £
<b>Cost</b>	
At 1 January 2020	3,480,466
Additions - internal	1,833,811
	<hr/>
At 31 December 2020	5,314,277
	<hr/>
<b>Amortisation</b>	
At 1 January 2020	672,861
Charge for the year on owned assets	1,100,112
	<hr/>
At 31 December 2020	1,772,973
	<hr/>
<b>Net book value</b>	
At 31 December 2020	3,541,304
	<hr/> <hr/>
At 31 December 2019	2,807,605
	<hr/> <hr/>



**NVAYO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**14. Tangible fixed assets**

	Computer equipment £
<b>Cost or valuation</b>	
At 1 January 2020	85,726
Additions	20,480
At 31 December 2020	<u>106,206</u>
<b>Depreciation</b>	
At 1 January 2020	66,238
Charge for the year on owned assets	13,780
At 31 December 2020	<u>80,018</u>
<b>Net book value</b>	
At 31 December 2020	<u><u>26,188</u></u>
At 31 December 2019	<u><u>19,488</u></u>

**NVAYO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**15. Fixed asset investments**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2020	1,120
At 31 December 2020	<u>1,120</u>

**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

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

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves</b>	<b>Profit/(Loss)</b>
Nvayo Global Services Private Limited	39,644	29,695

**16. Debtors**

	2020 £	2019 £
Amounts owed by group undertakings	3,419,264	12,677,004
Other debtors	545,451	614,632
Prepayments and accrued income	323,079	316,994
Tax recoverable	389,794	848,563
	<u>4,677,588</u>	<u>14,457,193</u>

**NVAYO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**17. Cash and cash equivalents**

	2020 £	As restated 2019 £
Own cash and cash equivalents	1,084,234	135,506
Restricted cash held on behalf of customers	9,608,926	12,304,558
	<u>10,693,160</u>	<u>12,440,064</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**

	2020 £	As restated 2019 £
Other loans	5,159	18,613
Trade creditors	161,083	102,711
Amounts owed to group undertakings	250	396,569
Other taxation and social security	61,720	24,577
Customer liabilities	10,907,160	12,675,084
Other creditors	73,655	15,921
Accruals and deferred income	110,400	69,346
	<u>11,319,427</u>	<u>13,302,821</u>

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

	2020 £	2019 £
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 2020

### 20. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
<b>Amounts falling due within one year</b>		
Other loans	5,159	18,613
	<u>5,159</u>	<u>18,613</u>
<b>Amounts falling due 1-2 years</b>		
Other loans	2,020,000	2,020,000
	<u>2,020,000</u>	<u>2,020,000</u>
	<u>2,025,159</u>	<u>2,038,613</u>

### 21. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
7,851,580 (2019 - 7,851,580) Ordinary shares of £1 each	<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 £46,200 (2019 - £18,970).

The contributions of £9,999 (2019 - £4,200) were outstanding to the fund at 31 December 2020.

## NVAYO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 24. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	-	222,840
Later than 1 year and not later than 5 years	-	55,980
	<u>-</u>	<u>278,820</u>

The operating lease payments recognised as expenditure amounted to £97,865 (2019 - £207,461).

The Company entered into an agreement with its landlord to terminate the office lease with effect from 31 May 2020.

#### 25. 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 2020 the company owed C Scanlon, the ultimate beneficial owner, £2,020,000 (2019 - 2,038,613) which is included within other loans. During the period interest was charged on this loan of £61,644 (2019 - £18,613)

#### 26. 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.