

Financial Statements for the Year Ended 31 December 2020

for

Dixipay Ltd

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for the Year Ended 31 December 2020**

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Dixipay Ltd

Company Information
for the Year Ended 31 December 2020

DIRECTORS:

A H Soliman Hassan
Ms A C Okparocha

REGISTERED OFFICE:

35 New Broad St.
London
EC2M 1NH

REGISTERED NUMBER:

07414743 (England and Wales)

AUDITORS:

Zenith Audit Ltd trading as S H Landes
Statutory Auditors
85 Oakways
London
SE9 2NZ

Dixipay Ltd (Registered number: 07414743)**Balance Sheet**
31 December 2020

	Notes	31.12.20 €	€	31.12.19 €	€
FIXED ASSETS					
Intangible assets	4		369,938		443,193
Tangible assets	5		<u>90,049</u>		<u>105,614</u>
			459,987		548,807
CURRENT ASSETS					
Debtors	6	376,407		228,751	
Cash at bank	7	<u>17,377,589</u>		<u>19,840,354</u>	
		17,753,996		20,069,105	
CREDITORS					
Amounts falling due within one year	8	<u>16,827,313</u>		<u>19,932,897</u>	
NET CURRENT ASSETS			<u>926,683</u>		<u>136,208</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,386,670</u>		<u>685,015</u>
CAPITAL AND RESERVES					
Called up share capital	9		412,671		191,443
Reserve on retranslation	10		(443,590)		(443,590)
Retained earnings	10		<u>1,417,589</u>		<u>937,162</u>
SHAREHOLDERS' FUNDS			<u>1,386,670</u>		<u>685,015</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 31 December 2021 and were signed on its behalf by:

A H Soliman Hassan - Director

Notes to the Financial Statements
for the Year Ended 31 December 2020

1. STATUTORY INFORMATION

Dixipay Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared in Euro which is also the Company's functional currency. The rounding in the financial statements is to the nearest Euro.

The Directors have reassessed the primary economic environment in which the Company operates to determine the functional currency and reduce the exposure of the Company's earnings to exchange rate volatility. The majority of the Company's transactions are processed through Single Euro Payments Area (SEPA) system. As the cash inflows and outflows from operating activities occur in Euro, Directors have elected to change company's presentational currency from Pound Sterling to Euro with effect from 01 November 2018. This change will significantly reduce the volatility of the Company's earnings due to foreign exchange movements, in particular due to translation of foreign currency balances. Since the Company processes significant volume of transactions in Euro, directors believe that this change will give user a better understanding of company's financial position and performance.

The change in presentational currency is a voluntary change which is accounted for retrospectively and differences resulting from the re-translation on the opening net assets and the results for the year have been taken to the foreign currency translation reserve (Note 11). Comparatives are re-presented in Euro's.

After reviewing the forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2. ACCOUNTING POLICIES - continued

Turnover

The Company is involved in transaction processing services where the Company's main performance obligation is to stand ready to provide electronic payment services as the timing and quantity of transactions to be processed is not determinable at the inception of the contract. The payment services comprise a series of distinct services that are substantially the same and have the same pattern of transfer to the customer over time. As the Company's obligation to its customers is to perform processing variable quantity of electronic payments, the consideration received is contingent on customer's use. As such, the price of total transactions under a contract is variable. The Company allocates the variable fees charged to the period in which it has contractual right to bill under the contract, which is typically at the point of transaction.

The directors assessed whether the Company has a promise under the contract with its customers to provide the payment services itself as a principal or to arrange the services to be provided by the third party by acting as an agent. In this assessment, the Company evaluated indicators including whether the Company or the third party is primarily responsible for fulfilment of the contract and the extent to which company have discretion over determining the pricing of the goods or services, as well as other considerations. The directors concluded that the Company is the principal and should present the revenue on a gross basis mainly due to the fact that the Company has the control over the services before it is transferred to the customer.

Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and any accumulated impairment losses.

The cost is being amortised over the estimated useful life of 10 years using straight-line method.

They relate to internally developed software and initial set up fees paid to the payment processor partners which enable the Company to provide its payment services. Estimated useful life of intangible assets are reviewed on an annual basis by the Directors.

Before deciding to capitalise the development costs, the management assessed the development costs against following recognition criteria:

- Future economic benefits from the asset are probable,
- Cost can be measured reliably,
- Management intends to complete and use the asset,
- The company has adequate and available resources to complete and use the asset,
- The management has the ability to use the asset,
- The software is technically feasible to complete.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

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

Useful lives and residual values of tangible fixed assets are reviewed at the end of each reporting period.

Depreciation is provided at the following annual rates using straight-line method:

Payment processing hardware 10 years

Fixtures, fittings, tools and office equipment 3 years

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank, market deposits and other short-term bank deposits with an original maturity of three months or less and therefore are subject to an insignificant risk of changes in value.

Segregated account funds

Segregated account funds represents amount held in segregated bank accounts, which represent funds held on behalf of consumers and merchants. These segregated bank accounts are segregated from operating funds. In compliance with the safeguarding provisions within the Financial Conduct Authority ("FCA") and Payment Services Regulations 2017, the company is required to safeguard funds which are received from consumers and merchants which have not yet been disbursed to the intended recipient.

Trade and other debtors

Trade and other debtors comprise amounts due from clients arising from trading activities and collateral amounts deposited in special accounts opened at suppliers. All debtors except for trade are categorised as loans and receivables and initially measured at cost and are subsequently measured at amortised cost using the effective interest rate method where the effect of discounting would be immaterial. In such cases, the debtors are stated at cost less impairment losses for bad and doubtful debts. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Trade and other creditors

Trade and other creditors comprise obligation to pay suppliers for goods and services used in the ordinary course of business and money transfers from consumers and merchants not yet disbursed to intended recipient. These are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and liabilities

Financial instruments are recognised on the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below. A financing transaction is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 3 (2019 - 2) .

4. INTANGIBLE FIXED ASSETS

	Patents and licences €	Development costs €	Totals €
COST			
At 1 January 2020 and 31 December 2020	<u>195,851</u>	<u>536,703</u>	<u>732,554</u>
AMORTISATION			
At 1 January 2020	54,869	234,492	289,361
Amortisation for year	<u>19,585</u>	<u>53,670</u>	<u>73,255</u>
At 31 December 2020	<u>74,454</u>	<u>288,162</u>	<u>362,616</u>
NET BOOK VALUE			
At 31 December 2020	<u>121,397</u>	<u>248,541</u>	<u>369,938</u>
At 31 December 2019	<u>140,982</u>	<u>302,211</u>	<u>443,193</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****5. TANGIBLE FIXED ASSETS**

	Fixtures and fittings €	Payment processing hardware €	Totals €
COST			
At 1 January 2020 and 31 December 2020	<u>1,656</u>	<u>155,650</u>	<u>157,306</u>
DEPRECIATION			
At 1 January 2020	1,656	50,036	51,692
Charge for year	-	15,565	15,565
At 31 December 2020	<u>1,656</u>	<u>65,601</u>	<u>67,257</u>
NET BOOK VALUE			
At 31 December 2020	<u>-</u>	<u>90,049</u>	<u>90,049</u>
At 31 December 2019	<u>-</u>	<u>105,614</u>	<u>105,614</u>

6. DEBTORS

	31.12.20 €	31.12.19 €
Amounts falling due within one year:		
Trade debtors	-	2,486
Loan receivable	94,360	-
Tax	47,538	-
	<u>141,898</u>	<u>2,486</u>
Amounts falling due after more than one year:		
Other debtors - deposit with Financial Institutions	224,388	224,388
Prepayments and accrued income	10,121	1,877
	<u>234,509</u>	<u>226,265</u>
Aggregate amounts	<u>376,407</u>	<u>228,751</u>

7. CASH AT BANK

	31.12.20 €	31.12.19 €
Safeguarded funds	14,275,359	17,985,282
Corporate funds	3,102,230	1,855,072
	<u>17,377,589</u>	<u>19,840,354</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020****8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.20	31.12.19
	€	€
Trade creditors	67,015	-
Tax	104,299	140,310
Social security and other taxes	3,060	2,918
Other creditors	2,366,227	1,446,543
Amount owed to related parties	801	801
Wages Payable - Payroll	-	(5,165)
Client Money Liability	14,275,472	18,075,086
Accrued expenses	10,439	272,404
	<u>16,827,313</u>	<u>19,932,897</u>

Other creditors are comprised of commission payable to the merchants and liabilities towards merchants in respect of monies not yet disbursed to the intended recipient.

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	31.12.20	31.12.19
		€1	€	€
352,100	Ordinary	£1	412,671	191,443
			=====	=====

10. RESERVES

	Retained earnings €	Reserve on retranslation €	Totals €
At 1 January 2020	937,162	(443,590)	493,572
Profit for the year	480,427	-	480,427
At 31 December 2020	<u>1,417,589</u>	<u>(443,590)</u>	<u>973,999</u>

11. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Filip Lyapov (Senior Statutory Auditor)
for and on behalf of Zenith Audit Ltd trading as S H Landes

12. RELATED PARTY DISCLOSURES

The company owes an amount of €801 (2019: €764) to Ahmed Soliman Hassan, a director of the company, in respect of expenses incurred on behalf of the company.

During the financial period ending 31/12/2020, the Company was charged by the affiliated company Dixipay Ltd, registered in the Russian Federation, for IT technical support services in the amount of €52,582 (2019:€91,632). The balance with Dixipay Ltd (RU) as at 31/12/2020 due in respect of these transactions was €15,062.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

13. AUDITOR LIABILITY LIMITATION AGREEMENT

An auditors' limitation of liability agreement has been approved by the members for the financial period ended 31 December 2020. The principal terms and conditions are as below:

- The agreement limits the amount of any liability owed to the Company by the auditors in respect of any negligence default, breach of duty or breach of trust, occurring in the course of audit of the Company's accounts and pursuant to this agreement the auditor may be guilty in relation to the Company.
- The agreement also stipulates the maximum aggregated amount payable in event of any of the circumstances stated above.

14. POST BALANCE SHEET EVENTS

The Company has applied to FCA to become an Electronic Money Institution (EMI) in accordance with the Electronic Money Regulations 2011 (EMRs) during the year. The application is in process as at the date of accounts.

15. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is A H Soliman Hassan.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.