

**Registered number**  
**08023603**

**Powa Technologies (UK) Limited (formerly MpayMe UK Limited)**

**Director's Report and Financial Statements**

**31 December 2014**

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**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**  
**Director's Report and financial statements**  
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**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**  
**Company information**

**Director**

D Wagner

**Independent Auditors**

PricewaterhouseCoopers LLP  
The Atrium  
1 Harefield Road  
Uxbridge  
Middlesex  
UB8 1EX

**Bankers**

HSBC  
16 King Street  
Covent Garden  
London  
WC2E 8JF

**Registered office**

Heron Tower  
35th Floor  
110 Bishopsgate  
London  
EC2N 4AY

**Registered number**

08023603

**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**  
**Director's Report**

The director presents his annual report and the audited financial statements for the year ending 31 December 2014.

**Change of Year End**

The financial year of the company changed from 31 March 2014 to 31 December 2013 so as to be consistent with the year end of the ultimate parent undertaking, Powa Technologies Group plc. Accordingly the previous year's financial statements are prepared for the 9 month period from 1 April 2013 to 31 December 2013 and as a result, the equivalent figures for the year ended 31 December 2014 stated in the Profit and Loss Account, Statement of Changes in Equity and the related notes are not comparable.

**Going Concern**

Please refer to note 1 of the financial statements for details regarding going concern.

**Reporting Framework**

These financial statements, for the year ended 31 December 2014, are prepared in accordance with FRS 101 Reduced Disclosure Framework (FRS 101).

**Principal activities**

The company's principal activity during the year continued to be the development of mobile business platform software.

**Directors**

The Directors who held office during the year and up to the signing of the financial statements were as follows:

D Wagner (appointed 18th June 2014)  
L Kelly (resigned 18th June 2014)  
H Mazaheri (resigned 18th June 2014)

**Results and dividends**

The loss for the financial year amounted to £2,336,878 (31 Dec 2013: £1,559,213) and has been transferred to reserves. No dividend is proposed (31 Dec 2013: Nil).

**Foreign branches**

The company also operates a branch in Italy.

**Future Developments**

The director does not foresee any major changes in the principal activities of the business.

**Director's indemnities**

As permitted by the Articles of Association, the Director has the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The Company also purchased and maintained throughout the financial period Director's and Officer's liability insurance in respect of itself and its Director.

**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**  
**Director's Report (continued)**

**Change of Control**

On the 18 June 2014 there was a change of control of the parent company MPayMe Limited and the ultimate control passed to Powa Technologies Group plc with a 97% shareholding. On the 8 August 2014, MPayMe (UK) Limited changed its registered name to Powa Technologies (UK) Limited. The registered office also changed at this time to Heron Tower, 35th Floor, 110 Bishopsgate, London, EC2N 4AY.

**Strategic report**

In accordance with section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Company has taken the exemption not to prepare a strategic report as the company qualifies as a small company in accordance with the section 382(2) and 382(3) of the Companies Act 2006.

**Independent Auditors**

On 23 February 2015, Ernst and Young LLP resigned as auditors of the Company and PricewaterhouseCoopers LLP were appointed as auditors of the company. PricewaterhouseCoopers LLP will be proposed for reappointment as auditors of the company and the next Annual General Meeting.

**Statement of Disclosure to auditors**

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally the director has taken all the necessary steps that he ought to have taken as a director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**  
**Director's Report (continued)**

**Statement of Director's responsibilities**

The director is responsible for preparing the Director's report and financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with applicable law (United Kingdom Generally Accepted Accounting Practice) and United Kingdom Accounting Standards including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under Company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

This report was approved by the Board on 5/2/16 and signed on its behalf.



D Wagner  
Director

**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**  
***Independent auditors' report to the members of Powa Technologies (UK) Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, Powa Technologies (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.
- 

### **Emphasis of matter - Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is seeking funding but there can be no certainty that the company will be able to secure both short term and long term financing. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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### **What we have audited**

The financial statements, included within the Director's Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 December 2014;
- the Income statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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## **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

***Independent auditors' report to the members of Powa Technologies (UK) Limited (continued)***

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**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the director was not entitled to: take advantage of the small companies exemption in preparing the Director's Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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**Responsibilities for the financial statements and the audit**

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**Our responsibilities and those of the director**

As explained more fully in the Statement of Director's responsibilities set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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**What an audit of financial statements involves**

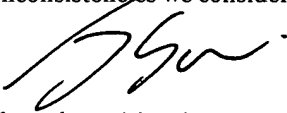
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the director; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the director's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Director's Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jaskamal Sarai (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge

**10** February 2016



**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**  
**Income Statement**  
**for the year ended 31 December 2014**

	Notes	Year Ended 31 Dec 2014	9 month Period ended 31 Dec 2013
		£	£
<b>Revenue</b>		120	29,779
Administrative expenses		(2,337,000)	(1,590,067)
<b>Operating loss</b>	3	<u>(2,336,880)</u>	<u>(1,560,288)</u>
		(2,336,880)	(1,560,288)
Finance income	4	2	1,106
Finance costs	4	-	(31)
<b>Loss on ordinary activities before taxation</b>		<u>(2,336,878)</u>	<u>(1,559,213)</u>
Tax on loss on ordinary activities	10	-	-
<b>Loss for the financial year/period</b>		<u>(2,336,878)</u>	<u>(1,559,213)</u>

The notes on pages 10-18 form part of these financial statements.

All revenue and operating loss arises from continuing operations.

There are no recognised gains or losses other than the loss for the year and as such no separate statement of comprehensive income is required.

**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**  
**Statement of financial position**

	Note	31 Dec 2014	31 Dec 2013
		£	£
<b>Fixed assets</b>			
Property, plant and equipment	7	-	7,994
			<u>7,994</u>
<b>Current assets</b>			
Trade and other receivables	8	755,756	1,239,213
Cash and cash equivalents		<u>24,352</u>	<u>23,507</u>
		780,108	1,262,720
<b>Creditors: amounts falling due within one year</b>	9	<u>(2,144,377)</u>	<u>(298,105)</u>
<b>Net current (liabilities)/assets</b>		<u>(1,364,269)</u>	<u>964,615</u>
<b>Total assets less current liabilities</b>		(1,364,269)	972,609
<b>Net (liabilities)/assets</b>		<u>(1,364,269)</u>	<u>972,609</u>
<b>Capital and reserves</b>			
Called up share capital	12	3,177,621	3,177,621
Retained losses	13	<u>(4,541,890)</u>	<u>(2,205,012)</u>
<b>Total shareholders' (deficit)/funds</b>		<u>(1,364,269)</u>	<u>972,609</u>

The financial statements on pages 7-18 were approved by the Board of Directors on 5/2/16 and signed on its behalf by:

D Wagner  
Director

**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**  
**Statement of changes in equity**  
**for the year ended 31 December 2014**

	<b>Called up Share Capital £</b>	<b>Retained Losses £</b>	<b>Total Shareholder's funds/(deficit) £</b>
As at March 2013	1,000	(645,799)	(644,799)
Loss for the financial period	-	(1,559,213)	(1,559,213)
Shares issued	3,176,621	-	3,176,621
As at December 2013	<u>3,177,621</u>	<u>(2,205,012)</u>	<u>972,609</u>
Loss for the financial year	-	(2,336,878)	(2,336,878)
As at December 2014	<u>3,177,621</u>	<u>(4,541,890)</u>	<u>(1,364,269)</u>

**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**  
**Notes to the Financial Statements at 31 December 2014**

**1 Corporate Information**

These financial statements were prepared in accordance with Financial Reporting Standards 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The results of Powa Technologies (UK) Limited (formerly MPayMe UK Limited) are included in the consolidated financial statements of Powa Technologies Group plc, a company incorporated in England and Wales, and the ultimate parent undertaking.

The principal accounting policies adopted by the Company are set out in note 2.

**Going Concern – Basis of Preparation**

Powa Technologies (UK) Limited (formerly MPayMe UK Limited) is reliant upon funding from its parent company Powa Technologies Group plc and its subsidiaries ("the Group") to meet its obligations as and when they fall due. This is explained further below.

2015 saw the group achieve some of the major milestones on both the completion of some key functionalities of our product and also the signing of some very significant commercial deals across the globe. This has put the group in good stead to achieve its goals for 2016. This activity was also made possible by the additional funding of \$40 million to the group that was received during 2015 from its existing shareholders. In addition, the group has added new investors who have contributed over \$10m in Q4 2015. These came from high net worth (HNW) individuals and family offices with a background of investing in Technology start-ups. Funding was also made available by the Board Directors – specifically Dan Wagner and the newly appointed non-executive director Ben White – both of whom provided funds for the business in the short term.

Bright Station Ventures Limited, the founding shareholder of Powa gave further funds to the group totalling \$1.1M in September and October 2015 and also provided a non-repayable contribution/gift of \$0.25M in Q2 2015.

In assessing the basis of preparation of the financial statements the directors have had regard to the funding requirement of the Company and the Group considering both the immediate short term and medium/long-term funding requirements.

In terms of short term funding, as of the date of the approval of the Company's financial statements, the group has unrestricted funds of \$0.25m in its' bank accounts. At the same point in time the Company has creditors totalling \$16.4m. The Board consider this sufficient to cover our requirements for the following two weeks, from the date of approval of the financial statements. Importantly there are ongoing and current discussions with additional investors that are proximate to injecting new funds into the Company. These are again from high net worth (HNW) individuals and family offices known to members of the Board. These investors continually seek opportunities in technology start-up sector and seek to capture, at the right moment the financial upside that can be achieved with investments of this type.

**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**

**Notes to the Financial Statements for the 14 month period ended 31 December 2014  
(continued)**

In the short term period of 3-4 months until significant long-term funding is secured it is planned that the cash requirements of the Company and the group will be met by existing board members and/or shareholders in the same manner and consistent with the success in securing injections over the previous five months. The Board is confident that this will continue.

In this present climate the Company and the group is keeping a tight control on all its' commitments and will ensure that the overall monies due to its creditors are dealt with on a fair basis. A specific committee has been set up by the Board that looks in detail at all the group's obligations, manages any legal issues emanating from the creditors and the supervises the ongoing cash flow requirements. This committee meets once a week and reports into the group's weekly board meetings. However on the basis of the funds received to date and the enthusiasm in our business model by the new investors, the Board and the existing investors remain fully committed to the vision of the group and its potential.

In Summer 2015, the group commenced discussions with a number of private and institutional investors regarding proposed additional medium to long-term investments in the group as the latest cash flow forecasts, taking account of relevant risks and uncertainties, show that the group will require additional financial support. This funding round is required to complete the last phase of the global launch of the PowaTag app and the launch of the next generation POS hardware (the T30) that is intended to be on the market in Q2 2016. Powa is in advanced stage negotiations to engage Goldman Sachs and the Royal Bank of Canada as funding advisors. As at the date of this statement, detailed due diligence is being carried out by 6 significant potential investors. The outcome of each option retains an element of uncertainty.

The recent announcement of our deal to roll out PowaTag in China through the Government owned UnionPay network and our partnership with the Otto Group (the second largest online retailer in the world) has raised more interest from a host of new potential investors. Furthermore these announcements have also led to a significant increase in interest from other large brands and partners for faster adoption of PowaTag.

The availability of the short term and long term financing represents a material uncertainty which casts significant doubt about the Group's and Company's ability to continue as a going concern. However, having considered the available options and nature of the discussions with each opportunity, the directors are confident that the Company will be able to obtain the necessary funding for the short term and that they will be able to obtain long-term funding to provide the company with the resources that it needs to enable it to meet its payment obligations as they fall due. On the basis of the funds received to date and the enthusiasm in our business model by the new investors, the Board and the existing investors remain fully committed to the vision of the Company and the Group and its potential. It is on this basis that the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

## **Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**

### **Notes to the Financial Statements for the 14 month period ended 31 December 2014 (continued)**

#### **2 Principal accounting policies**

These financial statements were prepared in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). These financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of paragraphs 91 to 99 of IAS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value of measurement of assets and liabilities);
- b) the requirements in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73E of IAS 16 Property, plant and equipment;
- c) The requirements of the following paragraphs of IAS 1, 'Presentation of financial statement':
  - (i) 10(d), (statement of cash flows),
  - (ii) 16 (statement of compliance with all IFRS),
  - (iii) 38A (requirement for minimum of two primary statements, including cash flow statements),
  - (iv) 38B-D (additional comparative information),
  - (v) 40A-D (requirements for a third statement of financial position),
  - (vi) 111 (cash flow statement information), and
  - (vii) 134-136 (capital management disclosures).
- d) the requirements of IAS 7, 'Statement of cash flows';
- e) the requirements of paragraph 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

#### ***Changes in accounting policy and disclosures***

The following standards have been adopted by the company for the first time for the financial year beginning on or after 1 January 20X3 and have no material impact on the company:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income.  
IAS 19, 'Employee benefits' was revised in June 2011.  
IFRS 13, 'Fair value measurement'

#### ***Revenue***

The company recognises revenue when it can be measured reliably and it is probable that the company will receive any consideration.

For the sale of services, revenue is recognised in the accounting period in which the services are rendered.

#### ***Depreciation***

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Plant and machinery	33% straight line
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## **Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**

### **Notes to the Financial Statements for the 14 month period ended 31 December 2014 (continued)**

#### ***Foreign currencies***

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. The presentation and functional currency is (£) Pounds sterling.

#### ***Pensions***

The company participates in a stakeholder pension scheme. The cost of contributions payable by the company in respect of the pension scheme for the period is charged against operating loss.

#### ***Income Taxes***

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statement. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

#### ***Obligations under lease contracts***

Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease. The company leased certain office space for the period which was charged to the income statement in the month the services were rendered.

#### ***Financial Instruments***

The Company's financial assets and liabilities include cash, trade and other receivables and trade and other payables. Management determines the classification of the Company's financial assets and liabilities at initial recognition.

#### ***Financial assets***

##### ***i) Trade and other receivables***

Financial assets within trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount, less provisions made for doubtful receivables. Provisions are made specifically where there is evidence of a risk of non-payment, taking into account ageing, previous losses experienced and general economic conditions.

##### ***ii) Cash and cash equivalents***

Cash and bank balances comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to cash and are subject to insignificant risk of changes in value and have an original maturity of three months or less.

#### ***Financial liabilities***

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the original invoiced amount.

#### ***Share capital***

Ordinary shares are classified as equity.

#### ***Critical accounting estimates and judgments***

There are no critical accounting estimates and judgements

**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**

**Notes to the Financial Statements for the 14 month period ended 31 December 2014  
(continued)**

**3 Operating loss**

	<b>Year Ended 31 Dec 2014 £</b>	<b>9 month Period Ended 31 Dec 2013 £</b>
This is stated after charging:		
Operating lease payable for buildings	226,773	153,420
Depreciation of owned fixed assets	2,629	1,526
Pension costs	54,604	19,455
Other consultancy and marketing fees	425,869	-
Fees payable to the company's auditor for the audit of the Company's annual financial statements	10,000	47,000

**4 Finance Income and cost**

	<b>Year Ended 31 Dec 2014 £</b>	<b>9 month Period Ended 31 Dec 2013 £</b>
<b>Finance income</b>		
Bank Interest receivable	2	1,061
	<u>2</u>	<u>1,061</u>
<b>Finance cost</b>		
Bank Interest payable	-	(31)
	<u>-</u>	<u>(31)</u>

**5 Directors' emoluments**

The directors' total emoluments for the year computed in accordance with Schedule 5 of the Companies Act 2006, in respect of their services as directors of the company, were as follows:

	<b>Year Ended 31 Dec 2014 £</b>	<b>9 month Period Ended 31 Dec 2012 £</b>
Remuneration	143,482	161,738
Pension contributions	9,849	13,104
	<u>153,331</u>	<u>174,842</u>

Two directors received emoluments in relation to their services to the company during the year (31 Dec 2013: 2)

During the year retirement benefits were accruing to two directors under a defined contribution scheme (31 Dec 2013: 2).



**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**

**Notes to the Financial Statements for the 14 month period ended 31 December 2014  
(continued)**

**6 Staff costs**

	<b>Year Ended 31 Dec 2014</b>	<b>9 month Period Ended 31 Dec 2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	975,118	567,908
Social security costs	131,721	77,043
Other pension costs	54,604	19,455
	<u>1,161,443</u>	<u>664,406</u>

Included in other pension costs are £54,604 (31 Dec 2013: £19,455) in respect of contributions payable by the company for the Scottish Widows Pension Scheme.

The average number of employees during the year was 14 (31 Dec 2013: 11). In the opinion of the director there is only one category of employees. In Oct 2014 all employees were transferred to the sister company, Powa Technologies Ltd.

**7 Property, plant and equipment**

	<b>Plant and machinery £</b>
<b>Cost</b>	
At 1 January 2014	10,222
Additions	1,844
Disposals	(12,066)
At 31 December 2014	<u>-</u>
<b>Accumulated Depreciation</b>	
At 1 January 2014	2,228
Charge for the period	2,629
Disposals	(4,857)
At 31 December 2014	<u>-</u>
<b>Net book value</b>	
At 31 December 2013	<u>7,994</u>
At 31 December 2014	<u>-</u>

**8 Receivables**

	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>£</b>	<b>£</b>
Trade receivables	-	35
Amounts owed by group companies	647,776	987,447
Other receivables	107,980	251,731
	<u>755,756</u>	<u>1,239,213</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date for repayment.

**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**

**Notes to the Financial Statements for the 14 month period ended 31 December 2014  
(continued)**

<b>9 Creditors: amounts falling due within one year</b>	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	£	£
Trade payables	65,363	157,985
Amounts owed to group companies	2,047,869	-
Other Taxation and social security	13,525	47,761
Other payables	17,620	92,359
	<u>2,144,377</u>	<u>298,105</u>

Amounts due to group undertakings are unsecured, interest free and have no fixed date for repayment.

<b>10 Taxation on loss on ordinary activities</b>	<b>Year Ended 31 Dec 2014</b>	<b>9 month Period Ended 31 Dec 2013</b>
	£	£
The taxation charge is based on the loss for the year end and comprises:		
Deferred tax charge (note 11)	-	-
Total deferred tax charge	-	-
Total taxation charge	<u>-</u>	<u>-</u>

The tax assessed for the year is higher (2013:higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2014 of 21.5% (Year ended 2013:23.5%). The differences are explained below.

	<b>Year Ended 31 Dec 2014</b>	<b>9 month Period Ended 31 Dec 2013</b>
	£	£
Loss on ordinary activities before tax	(2,336,878)	(1,559,213)
Standard rate of corporation tax in the UK	21.5%	23%
Loss on ordinary activities multiplies by standard rate of corporation tax	(502,429)	(358,619)
Unutilised tax losses	502,429	358,619
Total taxation charge	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

The deferred tax rate of 20% differs from the current tax rate due to the decrease in the UK tax rate which was substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to 21% from 1 April 2014 and to 20% from 1 April 2015. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**

**Notes to the Financial Statements for the 14 month period ended 31 December 2014  
(continued)**

Further changes to the UK corporation tax rates were announced in the Chancellors Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes has not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

**11 Deferred tax**

In accordance with accounting standards, the deferred tax asset has not been recognised in the financial statements as there will not be sufficient future profits, within the next 12 months, against which it would be recovered. This view will be reconsidered once the Group demonstrates consistent profitability. A deferred tax asset has not been recognised for the following:

	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>£</b>	<b>£</b>
Unused tax losses	4,454,207	2,117,329
Effective tax rate	20%	20%
Potential deferred tax asset	890,841	423,466

<b>12 Called up Share Capital</b>	<b>Nominal value</b>	<b>31 Dec 2014 Number</b>	<b>2014</b>	<b>2013</b>
			<b>£</b>	<b>£</b>
Allotted, called up and fully paid:	£1 each	3,177,621	3,177,621	3,177,621
			<u>3,177,621</u>	<u>3,177,621</u>

**13 Retained losses**

	<b>31 Dec 2014</b>
	<b>£</b>
At 1 January 2014	(2,205,012)
Loss for the financial year	(2,336,878)
At 31 December 2014	<u>(4,541,890)</u>

**14 Commitments and contingencies**

**Financial commitments - company as lessee**

The future minimum lease payables under non-cancellable lease commitments as set out below:

	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>£</b>	<b>£</b>
Not later than one year	<u>-</u>	<u>226,773</u>

**Powa Technologies (UK) Limited (formerly MPayMe UK Limited)**

**Notes to the Financial Statements for the 14 month period ended 31 December 2014  
(continued)**

**15 Related party transactions**

The company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

**16 Ultimate controlling party**

As at 31 December 2014, the immediate parent company of the company was MPayMe Limited, a company registered in Hong Kong. MPayMe Limited was acquired by Powa Technologies Group Plc on 18 June 2014.

The ultimate UK holding company is Powa Technologies Group plc. The ultimate controlling party is deemed to be Bright Station Ventures Limited, the majority shareholder of which is Mr John Wagner, a company registered in the Isle of Man, by virtue of its shareholding in Powa Technologies Group plc. Mr John Wagner is the father of the director Mr Daniel Wagner.

The largest and smallest group in which the results of the company are consolidated is Powa Technologies Group plc.

Copies of the group financial statements can be obtained from Powa Technologies Group plc, 110 Bishopsgate, London, EC2N 4AY.