

Registered number
08023603

Powa Technologies (UK) Limited (Previously MPayMe (UK) Limited)

Report and Financial Statements

31 December 2013



Powa Technologies (UK) Limited (Previously MPayMe (UK) Limited)
Report and Financial Statements
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Powa Technologies (UK) Limited (Previously MPayMe (UK) Limited)
Company Information

Director
D Wagner

Secretary
D Wagner

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers
HSBC
16 King Street
Covent Garden
London
WC2E 8JF

Registered office
Heron Tower
35th Floor
110 Bishopsgate
London
EC2N 4AY

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Powa Technologies (UK) Limited (Previously MPayMe (UK) Limited)

Director's Report

The director presents his annual report and the audited financial statements for the period ending 31 December 2013.

Change of Year End

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

First time adoption of FRS 101

These financial statements, for the period ended 31 December 2013, are the first financial statements that the company has prepared in accordance with FRS 101 Reduced Disclosure Framework (FRS 101).

Principal activities

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

Directors

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

H Mazaheri (resigned 18 June 2014)

L Kelly (resigned 18 June 2014)

D Wagner (appointed as director and company secretary on 18 June 2014)

Results and dividends

Loss after taxation amounted to £1,559,213 (31 Mar 2013: £645,799) and had been transferred to reserves. No dividend is proposed (31 Mar 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.

Going Concern

The accounts have been prepared on the going concern basis, on the grounds that Powa Technologies Ltd as a subsidiary of Powa Technologies Group Plc, has confirmed its intention to support the company. The directors have given due consideration to this assurance and are satisfied that the accounts should be prepared under the going concern basis.

Post balance sheet events

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 35th Floor, Heron Tower, 110 Bishopsgate, London, EC2N 4AY.

Powa Technologies (UK) Limited (Previously MPayMe (UK) Limited)
Director's Report

Disclosure of information to auditors

The Companies Act 2006 requires directors to provide the company's auditors with every opportunity to take whatever steps and undertake whatever inspections the auditors consider to be appropriate for the purpose of enabling them to give their audit report. The director, having made appropriate enquiries, confirm that:

- as far as each director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditors unaware; and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

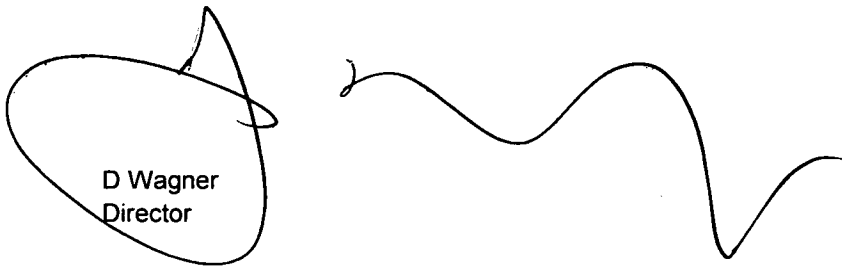
Strategic report

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.

Auditors:

Ernst and Young LLP will be proposed for reappointment as auditors of the company.

On behalf of the board



D Wagner
Director

Powa Technologies (UK) Limited (Previously MPayMe (UK) Limited)
Statement of Director's Responsibilities

The director is responsible for preparing the report and financial statements in accordance with applicable laws and regulations.

Company law requires the director to prepare financial statements in accordance with Financial reporting Standard 101 Reduced Disclosure Framework (FRS101) and in accordance with applicable accounting standards. Under Company law the director must not approve the accounts 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 those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in 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 taking such steps as are reasonably open to them to safeguard the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of Powa Technologies (UK) Limited for the period ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 - 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of directors and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 3, 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). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in 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. In addition, we read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or 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 of our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the period 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Kenneth Eglinton (Senior Statutory Auditor)
for and on behalf of Ernst and Young LLP, Statutory Auditor
London

30 September 2014 5

Powa Technologies (UK) Limited (Previously MPayMe (UK) Limited)
Profit and Loss Account
for the period ended to 31 December 2013

	Notes	Period Ended 31 Dec 2013 £	Period Ended 31 Mar 2013 £
Turnover		29,779	-
Cost of sales		-	-
Gross profit		<u>29,779</u>	<u>-</u>
Administrative expenses		(1,590,067)	(645,821)
Operating loss	3	<u>(1,560,288)</u>	<u>(645,821)</u>
		(1,560,288)	(645,821)
Interest receivable and similar income	4	1,106	22
Interest payable and similar cost	4	(31)	-
Loss on ordinary activities before taxation		<u>(1,559,213)</u>	<u>(645,799)</u>
Tax on loss on ordinary activities	10	-	-
Loss for the financial period		<u>(1,559,213)</u>	<u>(645,799)</u>

The notes on pages 9-14 form part of these financial statements.

All turnover and operating loss arises from continuing operations.

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

Powa Technologies (UK) Limited (Previously MPayMe (UK) Limited)
Balance Sheet
as at 31 December 2013

	Notes	31 Dec 2013 £	31 Mar 2013 £
Fixed assets			
Tangible assets	7	<u>7,994</u>	<u>3,764</u>
		7,994	3,764
Current assets			
Trade and other debtors	8	1,239,213	59,224
Cash at bank and in hand		<u>23,507</u>	<u>358,935</u>
		1,262,720	418,159
Creditors: amounts falling due within one year	9	(298,105)	(1,066,722)
Net current assets/(liabilities)		<u>964,615</u>	<u>(648,563)</u>
Total assets less current liabilities		<u>972,609</u>	<u>(644,799)</u>
Net assets/(liabilities)		<u>972,609</u>	<u>(644,799)</u>
Capital and reserves			
Called up share capital	12	3,177,621	1,000
Profit and loss account	13	(2,205,012)	(645,799)
Shareholder's funds		<u>972,609</u>	<u>(644,799)</u>

The financial statements were approved by the board of directors on 30 September 2014 and were signed on its behalf by:

D Wagner
Director

Powa Technologies (UK) Limited (Previously MPayMe (UK) Limited)
Statement of changes in equity

	Share Capital	Retained earnings	Total Sharehold er funds
	£	£	£
As at March 2013	1,000	(645,799)	(644,799)
Loss for the financial year	-	(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>

Powa Technologies (UK) Limited (Previously MPayMe (UK) Limited)
Notes to the Financial statements at 31 December 2013

1 Corporate Information

The financial statements of Powa Technologies (UK) Limited (the "Company") for the year ended 31 December 2013 were authorised for issue by the board of directors on 30 September 2014 and the balance sheet was signed on the board's behalf by D Wagner. Powa Technologies (UK) Limited is incorporated and domiciled in the United Kingdom.

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 are included in the consolidated financial statements of MPayMe Limited, a company registered in Hong Kong, which are available from 51/f Hopewell Centre, 183 Queen Road East, Wan Chai, Hong Kong.

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

2 Basis of preparation

These financial statements were prepared in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company's financial statements are presented in Sterling.

The company transitioned from UK GAAP to FRS 101 for all periods presented. The accounting policies that follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2013.

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

- a) the requirements of IAS 7 Statement of Cash Flows;
- 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
- c) the requirements of paragraph 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- d) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

Turnover

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

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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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 profit and loss account.

Powa Technologies (UK) Limited (Previously MPayMe (UK) Limited)
Notes to the Financial statements at 31 December 2013

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 profit and loss account on a straight line basis over the period of the lease.

Financial Instruments

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

Financial assets

i) Trade and other debtors

Financial assets within trade and other debtors are initially recognised at fair value, which is usually the original invoiced amount, less provisions made for doubtful debtors. 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. For the purpose of the Company's statement of cash flows, cash and cash equivalents include the cash and bank balances as defined above.

Financial liabilities

i) Trade and other creditors

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

	Period Ended 31 Dec 2013	Period Ended 31 Mar 2013
	£	£
3 Operating loss		
This is stated after charging:		
Operating lease payable for buildings	153,420	77,352
Depreciation of owned fixed assets	1,526	702
Pension costs	19,455	-
Fees payable to the company's auditor for the audit of the company's annual accounts	47,000	-

Powa Technologies (UK) Limited (Previously MPayMe (UK) Limited)
Notes to the Financial statements at 31 December 2013

	Period Ended 31 Dec 2013	Period Ended 31 Mar 2013
	£	£
4 Interest income and cost		
Interest and similar income		
Bank Interest receivable	1,061	22
	<u>1,061</u>	<u>22</u>
Interest and similar cost		
Bank Interest payable	(31)	-
	<u>(31)</u>	<u>-</u>

5 Directors' emoluments

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

	Period Ended 31 Dec 2013	Period Ended 31 Mar 2013
Remuneration	161,738	70,451
Pension contributions	13,104	-
	<u>174,842</u>	<u>70,451</u>

2 directors received emoluments in relation to their services to the company during the year (31 Mar 2013: 1).

During the year retirement benefits were accruing to 2 directors under a defined contribution scheme (31 Mar 2013: None).

	Period Ended 31 Dec 2013	Period Ended 31 Mar 2013
6 Staff Costs		
Wages and salaries	567,908	371,439
Social Security Costs	77,043	41,711
Other pension costs	19,455	-
	<u>664,406</u>	<u>413,150</u>

Included in other pension costs are £19,455 (31 Mar 2013 :nil) in respect of contributions payable by the company for the Scottish Widows Pension Scheme. An amount of £3,559 was prepaid at the Statement of Financial Position date for the schemes.

The average number of employees during the period was 11 (31 Mar 2013: 4). In the opinion of the directors there is only one category of employees.

Powa Technologies (UK) Limited (Previously MPayMe (UK) Limited)
Notes to the Financial statements at 31 December 2013

7 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 April 2013	4,466
Additions	5,756
At 31 December 2013	<u>10,222</u>
Depreciation	
At 1 April 2013	702
Charge for the period	1,526
At 31 December 2013	<u>2,228</u>
Net book value	
At 31 December 2013	<u>7,994</u>
At 31 March 2013	<u>3,764</u>

8 Debtors

	31 Dec 2013 £	31 Mar 2013 £
Trade debtors	35	-
Amounts owed by group companies	987,447	-
Other debtors	251,731	59,224
	<u>1,239,213</u>	<u>59,224</u>

9 Creditors: amounts falling due within one year

	31 Dec 2013 £	31 Mar 2013 £
Trade creditors	157,985	28,639
Amounts owed to group companies	-	955,664
Other taxes and social security costs	47,761	1,300
Other creditors	92,359	81,119
	<u>298,105</u>	<u>1,066,722</u>

Powa Technologies (UK) Limited (Previously MPayMe (UK) Limited)
Notes to the Financial statements at 31 December 2013

10 Taxation

	Period Ended 31 Dec 2013 £	Period Ended 31 Mar 2013 £
The taxation charge is based on the loss for the year end and comprises:		
Adjustments to deferred tax in respect of prior periods	-	-
Deferred tax charge (note 11)	-	-
Total deferred tax charge	-	-
Total taxation charge	-	-

Factors affecting the tax charge for the current period:

The company has made a loss for the year for tax purposes and this has been carried forward for deduction from profits in future years.

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:

	31 Dec 2013 £	31 Mar 2013 £
Unused tax losses	2,117,329	595,736
Effective tax rate	20%	23%
Potential deferred tax asset	423,466	137,019

12 Share capital

	Nominal value	31 Dec 2013 Number	31 Dec 2013 £	31 Mar 2013 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	3,177,621	3,177,621	1,000
			3,177,621	1,000
	Nominal value	Number	Amount £	
Shares issued during the period:				
Ordinary shares	£1 each	3,176,621	3,176,621	
			3,176,621	

13 Profit and loss account

	31 Dec 2013 £
At 1 April 2013	(645,799)
Loss for the period	(1,559,213)
At 31 December 2013	(2,205,012)

Powa Technologies (UK) Limited (Previously MPayMe (UK) Limited)
Notes to the Financial statements at 31 December 2013

14 Commitments and contingencies

Financial commitments - company as lessee

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

	31 Dec 2013	31 Mar 2013
	£	£
Not later than one year	226,773	-

This commitment is in respect of office premises. In June 2014 the company vacated the premises and exercised its rights under a break clause, for no payment, as at 30 September 2014. The full commitment will be expensed in the 2014 financial statements.

15 Post balance sheet events

On 18 June 2014, the parent company, and its subsidiaries, was acquired by Powa Technologies Group plc. With effect from 8 August 2014, the name of the company was changed from MPayMe (UK) limited to Powa Technologies (UK) Limited and the registered office was aligned to the new parent company.

16 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.

17 Ultimate controlling party

As at 31 December 2013, the ultimate parent company of the company was MPayMe Limited, a company registered in Hong Kong, until its acquisition by Powa Technologies Group plc in June 2014.

The largest and smallest group in which the results of the company are consolidated is MPayMe Limited which is incorporated in Hong Kong. The consolidated financial statements of MPayMe Limited are available to the public and may be obtained from 51/F Hopewell Centre, 183 Queens, Road East, Wan-Chai, Hong Kong.

18 Transition to IFRS

For all periods up to and including the year ended 31 March 2013, the company prepared its financial statements in accordance with United Kingdom generally accepted accounting practice (UK GAAP). These financial statements for the period ended 31 December 2013 are the first the company has prepared in accordance with FRS 101.

Accordingly, the company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 April 2012 and the significant accounting policies meeting these requirements are described in the relevant notes.

In preparing these financial statements, the company has started from an opening balance sheet position as at 1 April 2012, the company's date of transition to FRS 101, and considered those changes in accounting policies and other restatements required by FRS 100 for the first time adoption of FRS 101. As such, it was determined that in the case of this company, no changes to the presentation of the financial statements are required as a result of the transition from UK GAAP to FRS 101. On transition to FRS 101, the company has applied the requirements of paragraph 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".