

Company number: 09570221

Strategic Report, Report of the Directors and

Financial Statements

For the year ended 30 April 2020

for

Settlego Solutions Limited

The Bower
207 - 211 Old Street
London EC1V 9NR



Settlego Solutions Limited

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Settlego Solutions Limited

Company information

Directors

I V Dimitrova
D J Bull

Company Secretary

O F A Taylor

Registered office

The Bower
207 – 211 Old Street
London EC1V 9NR

Registered number:

09570221

Auditors:

Deloitte LLP
Statutory Auditor
Hill House
1 Little New Street
London EC4A 3TR

SettleGo Solutions Limited

Strategic report

The Directors present their strategic report for SettleGo Solutions Limited (the “Company”) for the year ended 30 April 2020.

The Company is part of the OpenPayd Holdings Limited group of companies (the “Group”). The Group was formed in September 2018.

Principal activities

The Company has an Electronic Money Institution licence issued by the Financial Conduct Authority (“FCA”), registration number 900483, to undertake payment services and issue electronic money.

The Company provides its clients access to banking and international payment solutions through a “Banking and Payments as a service” technology platform which is connected to a large partner ecosystem.

Business review and financial position

The Company generated a profit of €9,187,000 (2019: €108,000) during the year. Net assets at 30 April 2020 were €10,716,000 (2019: €1,529,000) with balances held for clients of €77,559,000 (2019: €69,048,000). The increase in both net assets and client balances reflecting the increasing demand for the Company’s services during the year.

SettleGo Solutions Limited (trading as OpenPayd) provides Banking and Payments as a service functionalities through a technology platform via a simple web front end or single application programming interface (API). The Company has seen an increasing demand for its services during the year, in particular the provision of accounts and foreign exchange services, which has resulted in significant growth in client numbers, volumes and revenue. The total revenue generated in the year was €22,821,000 (2019: €4,167,000). The Company provides the following services to clients:

- Accounts
 - IBANs (International Bank Account Number) and electronic money accounts in a variety of currencies
 - Ability to generate thousands of linked sub-accounts to segregate customer funds and ease client reconciliation
 - IBANs are named for inbound and outbound payments and give direct access to SEPA (Single Euro Payments Area), SWIFT, Faster Payments, etc
- Card processing
 - Card processing capability enables acceptance of multiple debit and credit card payments, domestic payment methods and popular digital currencies
 - PCI (Payment Card Industry) certified ultra-scalable gateway to collect payments through a global acquiring and settlement infrastructure

Strategic report (continued)

- Foreign exchange services
 - Foreign exchange (FX) liquidity management in real time with access to 100+ currencies
 - Connectivity to major crypto exchanges for fiat-to-crypto conversion
 - Lower-cost wholesale FX rates and low latency
- Managed services
 - Expert compliance and risk management services including integrated KYC (Know-Your-Client), KYB (Know-Your-Business) and ongoing transaction monitoring
 - Unlimited regulated accounts to enable compliant client money holding and reconciliation of payments

In July 2019, the Company started preparing to apply for a UK banking licence and had an initial meeting with the Prudential Regulatory Authority (PRA) and the FCA. The company is planning to submit a regulatory business plan to the PRA and FCA in due course.

During the year the Company obtained direct access to SEPA (Single Euro Payments Area) payment scheme.

A detailed review of the Group's activities is included in OpenPayd Holdings Limited's consolidated financial statements for the year ending 30 April 2020.

Future developments

The external environment is expected to remain competitive in 2020 and 2021, however, the Directors believe that the Company is well positioned to grow its client base and revenues. The potential impact of Brexit (as described below on page 7) may result in a reduction in revenues, clients and volumes as business would need to be transferred to a fellow subsidiary in the Group. The Group will continue to invest in its technology infrastructure and operating capabilities as it continues to expand which in turn will support the Company's financial position.

Key performance indicators (KPIs)

The Company's principal business KPIs for the period are as below:

- Revenue of €22,821,000 (2019: €4,167,000)
- Administrative expenses of €10,110,000 (2019: €2,913,000)
- Operating profit of €11,385,000 (2019: €133,000)

The Company has selected these financial KPIs to measure and assess its performance with revenue growth being closely monitored to ensure the increased use of the Company's payment services and platform by both new and existing customers. The Company closely monitors controllable expenses and uses total administrative expenses items to measure these.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors have carried out an assessment of the principal risks facing the Company which are outlined below.

Legal & Regulatory risk

The Company operates in a strictly regulated industry and is therefore subject to compliance risk with respect to a number of laws and regulations. The breaching of any applicable laws or regulations could result in an inability to operate.

The Legal, Compliance and Risk functions support the Directors with monitoring developments which includes the use of compliance and fraud monitoring tools to assist with the anti-money laundering and other screening activities undertaken by the functions. Appropriate measures are taken should any particular risk change significantly.

Financial crime risk

The Company deals in and holds client funds and is subject to a heightened risk of criminal activity and potential losses due to breaches of its terms of businesses by its customers. This risk is mitigated through the Company's own robust "know-your-customer" procedures, on-going transaction monitoring systems and anti-money laundering procedures, including regular training for all employees.

Operational risk

Technology systems are central to the Company's business operations and are highly sensitive to any incidents or outages for a period of time which could have an impact on the Company's operations. Loss of commercial or personal data could damage the business or the Company's reputation and result in financial penalties.

The Company has mechanisms in place to protect it from data and security breaches which include regular vulnerability and penetration testing. The systems are PCI-DSS (Payment Card Industry Data Security Standard) compliance, where required.

The Company has business continuity plans which are reviewed and tested regularly. These plans have been operational since the outbreak of Covid-19 in March 2020 with minimal disruption to the Company's operations.

Market risk

The Company deals with payments in a variety of foreign currencies with the vast majority of revenues being in Euro, but a significant element of the cost base is in Pound Sterling. The Company therefore has exposure to movements in foreign exchange rates. To reduce this risk individual currency flows are matched where possible with conversions made on a timely basis when required.

Credit risk

The Company is exposed to credit risk through the banks and other institutions in which it holds its own and segregated funds. The Company manages exposure to credit risk by holding funds in a number of institutions that management considers to be financially sound.

Liquidity risk

This is the risk the Company could not meet its financial obligations as they fall due. The Company's major exposure is to its customers in the form of the balances they hold and these are all supported by monies held in segregated funds, as is required by FCA regulations under the Company's e-money licence, so could be funded in full even if a substantial proportion of customer balances were withdrawn at once. The Company also monitors its own funds closely to ensure sufficient liquidity for on-going requirements including daily reconciliation of client and segregated funds.

Capital adequacy and safeguarding

As an FCA regulated entity the Company is required to ensure its capital exceeds a minimum threshold at all times. For the Company this means its capital (comprising share capital, share premium, and retained earnings) and own funds have to exceed 2% of client balances (based on a rolling average over the preceding six months). The Directors monitor this closely to ensure sufficient headroom, which has been the case throughout the year.

The Company is required to safeguard client monies in segregated accounts in line with FCA regulations. These positions are reconciled at least daily.

Brexit

The Company has customers in a number of countries within the European Union (EU), but is regulated in the UK by the FCA. The departure of the United Kingdom from the EU could mean the rights to "passport" its regulated service ceases and it would be unable to serve customers within the EU, which in turn would impact the Company's ability to operate. A fellow subsidiary, CFD Team Limited, was granted a licence to undertake payment services and issue electronic money within the EU in May 2019, by the Malta Financial Services Authority. The Company is currently planning to transfer activities to CFD Team Limited as required before the end of 2020 should regulations change such that UK regulations were not recognised in the EU and vice versa.

Covid-19

The health and economic impact of the UK and global response to the Covid-19 pandemic has been severe and given rise to significant uncertainty in a number of sectors. The Group already had proven remote working facilities in place and moved to full remote working in advance of government imposed lockdowns in each of the offices it operates from, and has been trading in line with previous months since the lockdown began in March 2020. However, the long-term economic impact remains uncertain and is being monitored closely by the Directors.

SECTION 172 STATEMENT

Each director of the Company continues to be mindful of their statutory duty to promote the success of the Company and Group for the benefit of the shareholder and in doing so having regard (amongst other matters) to those factors set out in section 172 (1)(a)-(f) of the Companies Act 2006:

- (a) The likely consequences of any decision in the long-term
- (b) The interests of the Company's employees
- (c) The need to foster the Company's business relationships with suppliers, customers and others
- (d) The impact of the Company's operations on the community and the environment
- (e) The desirability of the Company maintaining a reputation for high standards of business conduct
- (f) The need to act fairly as between members of the Company

Collectively, the Board recognises how having regard to these and other relevant factors and stakeholder groups in their decision-making, contributes to the success of the Company. Depending on the matter in question, the relevance of different stakeholder interests and other factors will inevitably vary and the Board may have to make difficult decisions based on competing priorities which means that it may not always be possible to provide a favourable outcome for all stakeholders.

The Company's key stakeholders are our employees, customers, regulators, business partners and shareholder. The Group has in place the following framework to ensure Directors have regard to our key stakeholders and those other matters referenced in section 172(1) in their decision-making

Employees

The Company is an equal opportunities employer and our employees and applicants are treated fairly regardless of their age, colour, creed, disability, full or part-time status, gender, marital status, nationality or ethnic origin, race, religion or sexual orientation. Applications from disabled people are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged.

The Company's policy is that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company encourages the development of employees through training and funds are allocated to enable all staff to benefit from external training each year.

The Company encourages employees to undertake charity work by offering to match employees' charity fund raising efforts.

The Company places considerable value on the active involvement of its employees on matters affecting them. This is achieved through visible and regular communications, both formal and informal, from their own management and the Directors, including company-wide briefing sessions. The Company does not have a specific human rights policy. However, human rights are not deemed a material risk for the business due to the developed culture of ethical business practice and strong labour regulation present in the locations where the Company is based.

Customers

The Company has regular and frequent interactions with customers and potential customers throughout the journey from initial approach or query through on-boarding and day-to-day operations. These interactions take place at all levels within the Company. The Company's platforms are developed to ensure customers can be offered industry-leading solutions.

Regulators

The Company's businesses contain both regulated and unregulated activities, and without its regulatory licences it would not be able to provide regulated activities for its customers which would restrict the shareholder returns it could provide.

The Board will always work with its regulators to ensure the Company meets all of its regulatory standards both as they stand and as they evolve. Where necessary it seeks expert help in implementing robust and compliant procedures.

Business partners

The Company's business partners includes both service providers and other suppliers. Their ability to deliver reliable and consistent services underpins the Company's ability to provide reliable services to customers and ultimately deliver strong financial returns. The Board and senior management regularly meet and liaise with key strategic partners, as well as potential partners to enable expansion of the Company's customer offering.

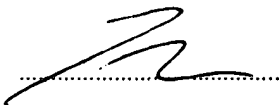
Ultimate controlling party

The Company is 100% owned by OpenPayd Holdings Limited which in turn has a single shareholder whom the Board is in regular dialogue with and receives all key reports including those relating to financial performance and projections of the Company.

CORPORATE & SOCIAL RESPONSIBILITY

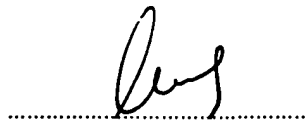
The Company understands its activities have an impact on the wider world and is mindful of its responsibilities to all of its stakeholders including customers, employees, business partners, as well as the wider community in which it operates. The Company also remains mindful of its impact on the environment and seeks to minimise this where possible.

Approved and authorised by the Board for issue, and signed on its behalf by



D J Bull – Director

21 August 2020



I V Dimitrova - Director

21 August 2020

Settlego Solutions Limited

Directors' report

The Directors present their report with the financial statements of the Company for the year ended 30 April 2020.

Results and dividend

The results of the Group for the year are set out on pages 17 to 34 and show a profit after taxation of €9,187,000 (2019: €108,000). The Directors have not paid any interim dividends 2019: €nil) and do not recommend the payment of a final dividend (2019: €nil).

Share capital

Details of share capital, together with details of shares allotted during the prior year are included in Note 15 on page 32.

Prior year restatement

The balance sheet at 30 April 2019 has been restated to re-classify cash at bank and in hand between segregated and own funds. This has not resulted in any change to net assets. Full details are included in Note 4 on page 25.

Directors

The following directors have held office during the year and up to the date of this report:

D J Bull

I V Dimitrova

A T Cotton (resigned 23 August 2019)

D P Cronin (resigned 23 August 2019)

Directors' indemnities

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report. These indemnity provisions were also in place for the parent and fellow subsidiaries in the Group, including the Company. The Group also purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors and on behalf of fellow subsidiaries in the Group, including the Company.

Sections included in the Strategic Report

- Principal risks and uncertainties
- Future developments

Statement of compliance with Section 172 Companies Act 2006

For periods after 1 January 2019, boards are required to include a further statement within their strategic report, describing how directors have engaged with suppliers, customers, and others in a business relationship with the company for all companies qualifying as large under the Companies Act 2006.

Settlego Solutions Limited

Directors' report (continued)

A detailed description of how directors have engaged with its stakeholders is included into the Strategic Report on page 8.

Throughout the year, the board will continue to review and challenge how the Company can improve engagement with its stakeholders.

Post balance sheet events

The UK has left the European Union, although remains in a transition period such that there has been no change to the passporting rights of the FCA regulated status for the Company at this stage.

The Covid-19 pandemic has also led to significant economic disruption in all of the locations in which the Group has offices and customers, including the move to full remote working for all staff. Since March 2020 this transition has been successful with trading continuing broadly in line with pre-pandemic levels.

Going concern statement

The financial statements are prepared on a going concern basis as the Directors are satisfied that the Company have the resources to continue in business for the foreseeable future (which has been taken as 12 months from the date of approval of these financial statements). In making this assessment the Directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet, future projections of profitability, cash flows and the long-term strategy of the business. This assessment has been updated in the light of the Covid-19 pandemic and its impact on both working arrangements for staff as well as the general economic climate. All staff have been successfully transitioned to remote working and operational resilience has remained at high levels since the government lockdowns came into force in March 2020. Trading volumes and profits have also remained reasonably stable compared to pre-pandemic levels in the period since lockdowns commenced. After making due enquiries and considering recent trading through the impact of the Covid-19 pandemic, the Directors believe that the Company has sufficient resources to continue its activities for the foreseeable future.

Disclosure of information to auditors

Each of the Directors as at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

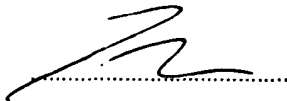
Settlego Solutions Limited

Directors' report (continued)

Auditors

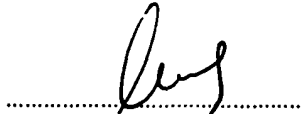
During the year the Company's previous auditors resigned and Deloitte LLP were appointed. Deloitte LLP will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved and authorised by the Board for issue, and signed on its behalf:



D J Bull – Director

21 August 2020



I V Dimitrova - Director

21 August 2020

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 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; and
- 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 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.

**Independent auditor's report to the member of
Settlego Solutions Limited**

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Settlego Solutions Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 April 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

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).

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 auditor's 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 UK, including the Financial Reporting Council's (the 'FRC'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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**Independent auditor's report to the member of
Settlego Solutions 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 auditor's 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 respect of these matters.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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.

Auditor's 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Independent auditor's report to the member of
Settlego Solutions Limited (continued)**

Report on other legal and regulatory requirements

Opinions 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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

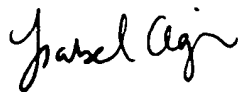
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

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 auditor's 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.



Isabel Agius (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
21 August 2020

Settlego Solutions Limited

Income statement

For the year ended 30 April 2020

	Note	Year ended 30 April 2020 €'000	Year ended 30 April 2019 €'000
Revenue	5	22,821	4,167
Cost of sales		<u>(1,326)</u>	<u>(1,121)</u>
Gross profit		21,495	3,046
Administrative expenses		<u>(10,110)</u>	<u>(2,913)</u>
Operating profit	6	11,385	133
Net finance charges	8	<u>(347)</u>	<u>-</u>
Profit before taxation		11,038	133
Tax on profit	9	<u>(1,851)</u>	<u>(25)</u>
Profit for the year		<u>9,187</u>	<u>108</u>

All activities are derived from continuing operations.

There are no other items of comprehensive income or expense.

The notes on pages 20 to 34 form an integral part of these financial statements.

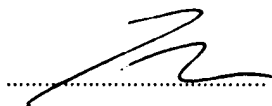
Settlego Solutions Limited
Company number: 09570221

Balance sheet
As at 30 April 2020

	Note	30 April 2020 €'000	30 April 2019 €'000 Restated
Non-current assets			
Property, plant and equipment	11	-	10
Debtors	12	2,653	-
Deferred tax asset	9	-	166
		<u>2,653</u>	<u>176</u>
Current assets			
Debtors	12	465	2,042
Corporate tax asset	9	1,802	-
Segregated funds	13	77,559	69,048
Operating funds	13	8,973	1,719
		<u>88,799</u>	<u>72,809</u>
Current liabilities			
Client balances		(77,559)	(69,048)
Trade and other payables	14	(3,177)	(2,408)
		<u>(80,736)</u>	<u>(71,456)</u>
Net current assets		8,063	1,353
Total assets less current liabilities		<u>10,716</u>	<u>1,529</u>
Capital and reserves			
Called-up share capital	15	-	-
Share premium account	16	2,133	2,133
Retained earnings	16	8,583	(604)
Shareholders' funds		<u>10,716</u>	<u>1,529</u>

The notes on pages 20 to 34 form an integral part of these financial statements.

The financial statements of Settlego Solutions Limited were approved by the Board of Directors and authorised for issue on 21 August 2020. They were signed on its behalf by:



D J Bull – Director

Settlego Solutions Limited**Statement of changes in equity**
For the year ended 30 April 2020

	Called -up share capital €'000	Share premium account €'000	Retained earnings €'000	Total €'000
As at 1 May 2018	-	1,282	(712)	570
Issue of share capital	-	851	-	851
Profit for the year	-	-	108	108
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	108	108
As at 30 April 2019	-	2,133	(604)	1,529
Profit for the year	-	-	9,187	9,187
Other comprehensive expense	-	-	-	-
Total comprehensive income	-	-	9,187	9,187
As at 30 April 2020	-	2,133	8,583	10,716

The notes on pages 20 to 34 form an integral part of these financial statements.

1. Statutory information

Settlego Solutions Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found in the Company Information section on page 3.

The principal activities of the Company and the nature of the Company's operations are set out in the Strategic report on page 4.

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' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value.

The Directors have elected to take advantage of the reduced disclosure framework under FRS 102 and have not prepared a statement of cash flows or related notes, and have not disclosed compensation of key management personnel. The equivalent statements, notes and disclosure are included in the consolidated financial statements of the Company's immediate parent, OpenPayd Holdings Limited for the year ended 30 April 2020 which are also prepared in accordance with FRS 102. These financial statements have been filed with Companies House, or can be obtained in writing from the Company Secretary at the Company's registered office (see page 3).

Going concern

The financial statements have been prepared using the going concern basis of accounting. Full details of our going concern assessment are included in the Directors' report which has been revised in light of the impacts of the Covid-19 pandemic.

Functional and presentational currency

The functional currency of the Company is considered to be euros because that is the currency of the primary economic environment in which the Company operates and is the currency in which the vast majority of its revenues are earned. The financial statements are also presented in euros, rounded to the nearest thousand euros.

Intangible assets - purchased computer software

Intangible assets comprise purchased computer software which is initially measured at cost. The purchased computer software in the Company originates from other group companies and relates to computer software required to operate the Company's payment platform.

Notes to the financial statements (continued)
For the year ended 30 April 2020

After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Purchased computer software assets are amortised evenly over their estimated useful life of three years.

Amortisation of computer software is included within administrative expenses, with any impairment separately disclosed.

Property, plant & equipment

Property, plant & equipment are stated at cost, net of depreciation and any provision for impairment.

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

Computer and office equipment – over 3 years on a straight-line basis.

Depreciation is included within administrative expenses.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability 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 liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction), including debtors and creditors, and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Notes to the financial statements (continued)
For the year ended 30 April 2020

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a cash generating unit (CGU), the reversal is applied first to the assets of the CGU on a pro-rata basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash. All cash and cash equivalents are classified at amortised cost and are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Segregated funds

Segregated funds are included within total cash, but represent funds held on behalf of clients. These funds are segregated from operating funds and are therefore separately disclosed within these financial statements. As a regulated entity the Company is obliged to hold qualifying liquid assets in segregated accounts at least equal to the amount of electronic money (e-money) that has been issued.

Client balances

The Company recognises a liability upon the issuance of e-money to its clients equal to the amount of e-money that has been issued. As an FCA regulated entity the Company is required to keep sufficient segregated funds to safeguard these amounts.

Revenue

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates value added tax and other sales taxes and is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

Notes to the financial statements (continued)
For the year ended 30 April 2020

Revenue within the Company derives from payment, foreign exchange and other services on the main payments platform provided to customers

Revenue is recognised as the services are performed and represents the value of services provided under contracts to the extent there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Employee benefits

For defined contribution pension schemes the amount charged to the income statement in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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 the 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.

Share capital and share premium account

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs, with the nominal value included in share capital, and any excess proceeds recognised in the share premium account.

Foreign currencies

The Company has various operational currencies. Assets and liabilities in foreign currencies are translated into Euro at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Euro at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors don't consider there to be any critical accounting judgments or key sources of estimation uncertainty in the preparation of the Company's financial statements.

Notes to the financial statements (continued)
For the year ended 30 April 2020

4. Prior year restatement

The balance sheet as at 30 April 2019 has been restated to re-classify cash at bank and in hand between segregated funds and operating funds. This is not resulted in any change to net assets.

The impact on the balance sheet of the above changes was as follows:

Prior year restatement

	Per original audited financial statements €'000	As at 30 April 2019 Re-classify cash at bank and in hand €'000	Restated €'000
Non-current assets			
Property, plant & equipment	10	-	10
Deferred tax asset	166	-	166
	176	-	176
Current assets			
Debtors	2,042	-	2,042
Cash at bank and in hand	70,767	(70,767)	-
Segregated funds	-	69,048	69,048
Operating funds	-	1,719	1,719
	72,809	-	72,809
Current liabilities			
Client balances	(69,048)	-	(69,048)
Trade and other payables	(2,408)	-	(2,408)
	(71,456)	-	(71,456)
Net current assets	1,353	-	1,353
Total assets less current liabilities	1,529	-	1,529
Capital and reserves			
Called-up share capital	-	-	-
Share premium account	2,133	-	2,133
Retained earnings	(604)	-	(604)
Shareholders' funds	1,529	-	1,529

Settlego Solutions Limited**Notes to the financial statements (continued)**
For the year ended 30 April 2020**5. Revenue**

The following table shows revenue by location of customer:

	Year ended 30 April 2020			
	UK	Europe	Rest of World	Total
	€'000	€'000	€'000	€'000
Banking and payments as a service	10,873	11,876	72	22,821

	Year ended 30 April 2019			
	UK	Europe	Rest of World	Total
	€'000	€'000	€'000	€'000
Banking and payments as a service	1,308	2,422	437	4,167

All revenue was generated from the rendering of services. The majority of the Company's revenue is denominated in euro, irrespective of the location of the customer.

Included within revenue is amounts generated from related parties and this is disclosed in note 15.

6. Operating profit

Operating profit is stated after charging:

	Year ended 30 April 2020 €'000	Year ended 30 April 2019 €'000
Amortisation of intangible assets	-	388
Depreciation on property, plant & equipment	10	2
UK bank licence application related costs	931	-
Property lease costs recharged by former related party	-	154
Foreign exchange losses	146	25

Fees payable to the Company's auditor for the audit of the Company's financial statements amounts to €71,000 (2019: €24,000 to Company's previous auditor).

Settlego Solutions Limited**Notes to the financial statements (continued)**
For the year ended 30 April 2020**7. Staff costs**

	Year ended 30 April 2020 €'000	Year ended 30 April 2019 €'000
Wages & salaries	930	798
Social security & taxes	126	98
Pensions – defined contribution schemes	38	25
	1,094	921
Monthly average number of employees:	Year ended 30 April 2020	Year ended 30 April 2019
Total	10	7

The key management of the Company comprises the Directors.

Directors' remuneration	Year ended 30 April 2020 €'000	Year ended 30 April 2019 €'000
Emoluments	78	275
Company contributions to money purchase pension schemes	4	8
	82	283
Remuneration of the highest paid director:		
Emoluments	40	138
Company contributions to money purchase pension schemes	2	4
	42	142

The two current serving directors have not received remuneration for services to this Company.

Two directors included above were both members of a money purchase pension scheme.

Notes to the financial statements (continued)
For the year ended 30 April 2020

8. Net finance charge

	Year ended 30 April 2019 €'000	Year ended 30 April 2019 €'000
Day one loss on off-market loan	482	-
Unwind of discount on off-market loan	(135)	-
	<u>347</u>	<u>-</u>

The off-market loan of €3,000,000 was made in September 2019 to a former related party of the company, with a maturity date of September 2021. The loan is included within other debtors (note 12). The loan has been discounted at an effective interest rate of 9.15% per annum.

9. Taxation

The tax charge/(credit) comprises	Year ended 30 April 2020 €'000	Year ended 30 April 2019 €'000
Current tax		
UK tax – current year	1,685	-
Deferred tax		
Origination and reversal of timing differences – current year	411	25
Origination and reversal of timing differences – prior years	(245)	-
Total deferred tax	<u>166</u>	<u>25</u>
Total tax on profit	<u>1,851</u>	<u>25</u>

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

The tax charge comprises	Year ended 30 April 2020 €'000	Year ended 30 April 2019 €'000
Profit before tax	<u>11,038</u>	<u>133</u>
Tax on loss at standard UK corporation tax rate of 19% (2019: 19%)	2,096	25
Effects of:		
Prior year adjustments	(245)	-
Tax for the year	<u>1,851</u>	<u>25</u>

Settlego Solutions Limited**Notes to the financial statements (continued)****For the year ended 30 April 2020**

Deferred tax balances have been calculated based on tax rates substantively enacted at the balance sheet date, being 19% for the UK. A previously enacted reduction in the rate to 17% from 1 April 2020 was cancelled by Finance Act 2020.

The deferred tax asset comprises:

	30 April 2020 €'000	30 April 2019 €'000
Losses	-	166
Other timing differences	-	-
	<u>-</u>	<u>166</u>

The movement in deferred tax asset comprises

	Year ended 30 April 2020 €'000	Year ended 30 April 2019 €'000
At beginning of year	166	190
Charge arising in year	(166)	(25)
Foreign exchange movements	-	1
At end of year	<u>-</u>	<u>166</u>

The corporate tax asset of €1,802,000 represents a payment on account against future tax liabilities.

10. Intangible assets

Additions to purchased computer software comprise amounts from other group companies. The Company had no intangible assets during the year ended 30 April 2020.

	Purchased computer software €'000
Cost	
At 1 May 2018	812
Additions	639
Disposals to fellow subsidiary	<u>(1,451)</u>
At 30 April 2019	<u>-</u>
Accumulated amortisation	
At 1 May 2018	115
Charge for year	388
Disposal to fellow subsidiary	<u>(503)</u>
At 30 April 2019	<u>-</u>
Net book value at 30 April 2019 & 2020	<u>-</u>

Settlego Solutions Limited

Notes to the financial statements (continued)

For the year ended 30 April 2020

11. Property, plant & equipment

	Computer equipment €'000
Cost	
At 1 May 2019	14
Disposals	(14)
At 30 April 2020	-
Accumulated amortisation	
At 1 May 2019	4
Charge for year	10
Disposals	(14)
At 30 April 2020	-
Net book value at 30 April 2020	-

	Computer equipment €'000
Cost	
At 1 May 2018	14
At 30 April 2019	14
Accumulated amortisation	
At 1 May 2018	2
Charge for year	2
At 30 April 2019	4
Net book value at 30 April 2019	10

12. Debtors

Amounts due after more than one year
included in non-current assets:

	30 April 2020 €'000	30 April 2019 €'000
Other debtors	2,653	-

This balance comprises an off-market loan issued to a former related party (details in note 8).

Settlego Solutions Limited**Notes to the financial statements (continued)**
For the year ended 30 April 2020

Amounts due within one year included in current assets:

	30 April 2020 €'000	30 April 2019 €'000
Trade receivables	321	143
Amounts owed by other group companies	12	1,038
Prepayments	-	11
Social security and other taxes	32	4
Other debtors	100	846
	465	2,042

Other debtors includes amounts due from related parties (see note 17).

13. Cash and cash equivalents

	30 April 2020 €'000	30 April 2019 €'000 Restated
Segregated funds	77,559	69,048
Operating funds	8,973	1,719
	86,532	70,767

Segregated funds are matched by an equivalent liability due to clients as described in note 2. The use of these funds is restricted to settling client liabilities as they fall due. Details of the restatement at 30 April 2019 are included in note 4.

14. Trade and other payables

	30 April 2020 €'000	30 April 2019 €'000
Trade payables	168	35
Accruals	471	-
Amounts owed to other group companies	2,466	1,082
Social security and payroll liabilities	64	36
Other creditors	8	1,255
	3,177	2,408

Other creditors include amounts due to related parties (see note 17).

Settlego Solutions Limited**Notes to the financial statements (continued)****For the year ended 30 April 2020****15. Called-up share capital**

	30 April 2020	30 April 2019
	€	€
Allotted, issued and fully paid:		
275 (2019: 275) ordinary shares of £1 each	<u>312</u>	<u>312</u>

75 shares were issued during the year ended 30 April 2019 at £10,179 per share.

16. Share premium account and other reserves

	Share premium account €'000	Retained earnings €'000	Total €'000
At 1 May 2018	1,282	(712)	570
Issue of share capital	851	-	851
Profit for the year	-	108	108
Other comprehensive income	-	-	-
Total comprehensive income	-	108	108
As at 30 April 2019	2,133	(604)	1,529
Profit for the year	-	9,187	9,187
Other comprehensive income	-	-	-
Total comprehensive income	-	9,187	9,187
As at 30 April 2020	2,133	8,583	10,716

17. Related party balances

The Company's immediate parent is OpenPayd Holdings Limited and its results are included in the consolidated financial statements of that entity.

Most of the companies within the OpenPayd group were formerly members of the Akce Holdings Limited group (registered in the British Virgin Islands) which is also under the control of the OpenPayd Group's ultimate owner. As part of the group reorganisation that formed the OpenPayd Holdings Limited group there were a number of transfers between the Akce group and the new UK group which gave rise to a number of transactions, and there has been some further transactions with the Akce group during the current year. During the year ended 30 April 2019 there were also transactions and balances held with companies that were separately disposed of from the Akce group during that year. Although there have been on-going transactions with some of those entities they are no longer related parties. The Company has also had some transactions with other related

Settlego Solutions Limited**Notes to the financial statements (continued)**
For the year ended 30 April 2020

parties that are also under the control of the Company's ultimate controlling party. A summary of balances and transactions during the year is included below, with current year figures only including balances with those entities that were related parties during the year:

Revenue from related parties

	Year ended 30 April 2020 €'000	Year ended 30 April 2019 €'000
Included within revenue from banking and payments as a service:		
From former members of the Akce group	-	541
From the ultimate controlling party	4	-
From other related parties	10	-
	<u>14</u>	<u>541</u>

Expenses charged by related parties

	Year ended 30 April 2020 €'000	Year ended 30 April 2019 €'000
Expenses charged by former members of the Akce group	-	327
	<u>-</u>	<u>327</u>

Balances with related parties

	30 April 2020 €'000	30 April 2019 €'000
Amounts included in other debtors:		
Amounts due from current members of the Akce group	-	1
Amounts due from former members of the Akce group	-	807
Amounts due from other related parties	100	-
	<u>100</u>	<u>808</u>

Notes to the financial statements (continued)
For the year ended 30 April 2020**Balances with related parties**

	30 April 2020 €'000	30 April 2019 €'000
Amounts included in client balances*:		
Amounts due to other OpenPayd group companies	(733)	(109)
Amounts due to current members of the Akce group	(1,083)	(1,549)
Amounts due to former members of the Akce group)	-	(3,794)
Amounts due to ultimate controlling party	(10)	-
Amounts due to other related parties	(2,645)	-
	<u>(4,471)</u>	<u>(5,452)</u>
Amounts included in creditors:		
Amounts due to current members of the Akce group	-	(406)
Amounts due to former members of the Akce group	-	(708)
	<u>-</u>	<u>(1,114)</u>

*For amounts included in client balances there is a corresponding balance included within segregated funds.

Related party balances are unsecured and are settled periodically in line with standard terms.

18. Post balance sheet events

The Covid-19 pandemic has led to significant economic disruption in all of the locations in which the Group has offices and customers, including the move to full remote working for all staff. Since March 2020 this transition has been successful with trading continuing broadly in line with pre-pandemic levels.

19. Ultimate controlling party

The ultimate controlling party is Mr Ozan Ozerk.

The Company's immediate parent is OpenPayd Holdings Limited (same registered address as the Company as disclosed on page 3) and this is both the smallest and largest undertaking preparing consolidated accounts in which the Company's results are included.