

Payapps.com (UK) Limited

Directors' Report and Unaudited

Financial Statements

Year Ended

31 December 2018

Company Number 09927146



Payapps.com (UK) Limited

Company Information

Directors	J C Lilienstein C Smith (appointed 22 January 2019) D J Giles (appointed 22 January 2019)
Company secretary	P D Beare
Registered number	09927146
Registered office	Studio 012 Hoults Yard Walker Road Newcastle-Upon Tyne United Kingdom NE6 2HL
Accountants	BDO LLP 3 Hardman Street Manchester M3 3AT

Payapps.com (UK) Limited

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Payapps.com (UK) Limited

Directors' Report For the Year Ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Company was the provision of Payapps platform software as a service for the construction industry.

Director

The directors who served during the year were:

J C Lilienstein
N S Cappiello (resigned 22 January 2019)
L K Easton (resigned 2 February 2018)

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 30 September 2019 and signed on its behalf.



J C Lilienstein
Director

Payapps.com (UK) Limited

Chartered Accountants' Report to the Board of Directors on the preparation of the Unaudited Financial Statements of Payapps.com (UK) Limited

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Payapps.com (UK) Limited for the year ended 31 December 2018 which comprise Statement of Comprehensive Income, Statement of Financial Position and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>

It is your duty to ensure that Payapps.com (UK) Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of Payapps.com (UK) Limited. You consider that Payapps.com (UK) Limited is exempt from the statutory audit requirement for the year.

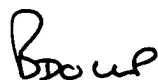
We have not been instructed to carry out an audit or a review of the financial statements of Payapps.com (UK) Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

The loans to related parties £1,105,694 (2017 - £1,036,921), and amounts owed to group undertakings £2,155,209 (2017 - £2,116,635) are included at cost in non-current assets and non-current liabilities respectively.

Both balances have no defined repayment date and do not have interest charged on them. FRS 102 section 11 requires the loans to be initially valued at fair value and then held at amortised cost. No assessment has been made of the impact to financial statements if these loans were carried at amortised cost rather than cost.

Use of our report

This report is made solely to the board of directors of Payapps.com (UK) Limited, as a body, in accordance with the terms of our engagement letter dated 20 September 2019. Our work has been undertaken solely to prepare for your approval the accounts of Payapps.com (UK) Limited and state those matters that we have agreed to state to the board of directors of Payapps.com (UK) Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Payapps.com (UK) Limited and its board of directors as a body for our work or for this report.



BDO LLP
Chartered Accountants
Manchester
United Kingdom

30 September 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Payapps.com (UK) Limited

Statement of Comprehensive Income For the Year Ended 31 December 2018

	2018 £	2017 £
Turnover	177,319	39,276
Gross profit	177,319	39,276
Administrative expenses	(342,567)	(445,995)
Operating loss	(165,248)	(406,719)
Tax credit on loss	187,949	-
Profit/(loss) for the financial year	22,701	(406,719)

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 6 to 12 form part of these financial statements.

All activities are derived from continuing operations.

Payapps.com (UK) Limited

Registered number:09927146

Statement of Financial Position As at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	5	3,478	4,199
		<u>3,478</u>	<u>4,199</u>
Current assets			
Debtors	6	1,384,730	1,054,935
Cash at bank and in hand		3,093	158,933
		<u>1,387,823</u>	<u>1,213,868</u>
Creditors: amounts falling due within one year	7	(158,009)	(44,250)
Net current assets		<u>1,229,814</u>	<u>1,169,618</u>
Total assets less current liabilities		<u>1,233,292</u>	<u>1,173,817</u>
Creditors: amounts falling due after more than one year	8	(2,155,209)	(2,116,635)
Net liabilities		<u>(921,917)</u>	<u>(942,818)</u>
Capital and reserves			
Share capital		-	-
Profit and loss account		(921,917)	(942,818)
		<u>(921,917)</u>	<u>(942,818)</u>

Payapps.com (UK) Limited
Registered number:09927146

Statement of Financial Position (continued)
As at 31 December 2018

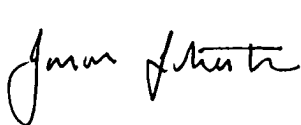
The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

 30/09/2019

J C Lilienstein
Director

The notes on pages 6 to 12 form part of these financial statements.

Payapps.com (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

1. General information

Payapps.com (UK) Limited is a private Company, limited by shares incorporated in the United Kingdom under the Companies Act. The address of the registered office is shown on the Contents page. The principal activities of the Company are set out in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The information on the impact of first time adoption of FRS 102 is given in note 14.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements are presented in Sterling, which is also the Company's functional currency.

All balances have been rounded to the nearest £1.

2.2 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Revenue

Revenue is earned primarily from the rendering of subscription services allowing customers to access the UK payapps.com platform software via a Software as a Service model. All revenue is stated net of the amount of value added tax.

Revenue in relation to subscription services is recognised when the following conditions have been satisfied:

- The amount of revenue can be measured reliably;
- The service has been provided to the customer;
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The stage of the completion of the transaction can be measured reliably.

2.4 Foreign currency transactions and balances

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the Statement of Comprehensive Income.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Payapps.com (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.6 Pensions

The Company operates a defined contribution pension scheme for employees in the United Kingdom.

Contributions payable to the Company's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Payapps.com (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	-	33% per annum straight line method
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Payapps.com (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.12 Financial instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

The company's cash at bank and in hand and trade and other debtors and its trade and other creditors and bank overdrafts are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

If a transaction constitutes a financing transaction it is measured at the present value of the future payments discounted at a market rate of interest, except where loans are received from a person who is within a director's group of close family members and that group contains a shareholder of the company, then these are initially recorded at transaction price, and subsequently at amortised cost using the interest rate implicit in the contract.

Investments in unlisted company shares (financial asset) are carried in the statement of financial position at fair value with changes in fair value recognised in profit or loss if their fair value can be measured reliably. Otherwise they are carried as cost less impairment.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Going concern and adequacy of existing finance facilities
- Depreciation and impairment of property, plant and equipment

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.

4. Employees

The average monthly number of employees, including directors, during the year was 4 (2017 - 3).

Payapps.com (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

5. Tangible fixed assets

	Computer equipment £
Cost	
At 1 January 2018	5,710
Additions	1,217
At 31 December 2018	6,927
Depreciation	
At 1 January 2018	1,511
Charge for the year	1,938
At 31 December 2018	3,449
Net book value	
At 31 December 2018	3,478
At 31 December 2017	4,199

6. Debtors

	2018 £	2017 £
Due after more than one year		
Amounts owed by group undertakings	1,105,694	1,036,921
	1,105,694	1,036,921
Due within one year		
Trade debtors	82,680	8,648
Other debtors	4,500	4,750
Prepayments and accrued income	3,907	4,616
Deferred taxation	187,949	-
	1,384,730	1,054,935

Payapps.com (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

7. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	12,409	6,580
Other taxation and social security	24,967	1,840
Accruals and deferred income	120,633	35,830
	<u>158,009</u>	<u>44,250</u>

8. Creditors: amounts falling due after more than one year

	2018 £	2017 £
Amounts owed to group undertakings	<u>2,155,209</u>	<u>2,116,635</u>

9. Share capital

	2018 Number	2018 £	2017 Number	2017 £
Authorised, called up and fully paid Ordinary shares of £0.00001 each	1	-	1	-
	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

Fully paid ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

10. Pension commitments

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the schemes are held separately from those of the Company in an independently administered fund.

The total cost charged to Statement of Comprehensive Income of £5,322 (2017 - £461) represents contributions payable to these schemes by the Company at rates specified in the rules of the schemes. As at 31 December 2018, contributions of £nil (2017 - £nil) due in respect of the current reporting period had not been paid over to the schemes.

Payapps.com (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2018

11. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	9,900	22,200
Later than 1 year and not later than 5 years	-	9,900
	<u>9,900</u>	<u>32,100</u>

12. Related party transactions

Included in amounts owed by group undertakings are balances due from Payapps Pty Ltd of £1,105,694 (2017 - £1,036,921). The loan is interest-free in nature with no defined repayment period, the entity has no current or foreseeable intention to recall the loan.

Included in amounts owed to group undertakings is a balance owed to Zuuse Limited of £2,155,209 (2017 - £2,116,635). The loan is interest-free in nature with no defined repayment date, the parent entity has no current or foreseeable intention to recall the loan. The initial advance from the parent entity was £2,174,730 on 31 December 2016, the intended nature of this transaction has equity elements and management are exploring the option of converting the loan into an equity investment from the parent entity. Upon conversion to equity there would no longer be a negative net asset position within the Payapps.com (UK) Ltd entity.

13. Controlling party

The immediate and ultimate parent company is Zuuse Limited, a company registered in British Virgin Islands at PO Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Island.

14. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.