GSMA MC Ltd

Annual Report and financial statements

For the 16 Month Period Ended 31 March 2019

Company Number 11097066

FILING TYPE
AMENDMENT

CONTENTS

DIRECTORS AND OTHER INFORMATION

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Alex Sinclair (appointed 5 December 2017)
Mark Williams (appointed and resigned 5 December 2017)

Registered office

2nd Floor Walbrook Building
25 Walbrook
London EC4N 8AF

Registered number: 11097066

Independent Auditor

KPMG LLP
15 Canada Square
Canary Wharf
London E14 5GL

STRATEGIC AND DIRECTOR'S REPORT

Principal Activities and Business Model

GSMA MC Ltd was incorporated on 5 December 2017 and facilitates the evolution of authentication services to customers via mobile technology. GSMA MC Ltd has been established to provide access to authentication services from a range of participating Mobile Network Operators (MNOs) using GSMA Mobile Connect technologies, initially on a pilot basis. GSMA MC Ltd offers service providers, channel partners and other access to Mobile Connect across multiple MNOs seamlessly, making it easier to use Mobile Connect as a secure universal log-in solution. Simply by matching the user to their mobile phone, Mobile Connect allows them to log-in to websites and applications quickly without the need to remember passwords and usernames. It's safe, secure and no personal information is shared without permission.

Business Review

The Company commenced trading on 5 December 2017. The company is in its first period of trading since incorporation and accordingly, there are no comparatives for the period. We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face. The company made a loss of £34,115 for the period.

Risks

The operations of GSMA MC Ltd are aligned with the strategic plans of participating MNOs to provide identity and authentication services as part of their service offering. Future commercial developments for GSMA MC Ltd are dependent on the evolution of the identity via mobile ecosystem and the commercial success of MNO services vs alternative solutions.

Future Developments

The Board is considering future commercial opportunities aligned with the strategies of participating MNOs. Given the early stage nature of the operations and commercial uncertainty surrounding these services in the market, the financial statements have been prepared on a break up basis as a prudent measure.

Dividends

No dividends were declared in the period ended 31 March 2019 and no final dividend is proposed.

Political and charitable contributions

During the current period the Company made no charitable or political donations. The Company's policy is not to make donations to political parties.

Directors

The directors who served the Company during the period, or have been appointed or resigned prior to signing, are as follows:

Alex Sinclair (appointed 5 December 2017)
Mark Williams (appointed and resigned 5 December 2017)

No director had an interest in the shares of the company.

Going concern

The directors consider that there is a material uncertainty over the Company continuing to trade and have concluded that the going concern basis is no longer appropriate. Accordingly, they adopt the break up basis in preparing the annual report and accounts.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

The strategic review was approved by the Board on 20 January 2020 and was signed on its behalf by

Alex Sinclair
Director
20 January 2020

Registered Office Address: Floor 2, The Walbrook Building, 25 Walbrook, London, EC4N 8AF

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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 judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GSMA MC Ltd

Opinion

We have audited the financial statements of GSMA-MC Ltd ("the company") for the 16 month period ended 31 March 2019 which comprise the Profit and loss account, Balance sheet, the Statement of changes in equity, and related notes, including the accounting policies.
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in the notes to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information, which comprises the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in [the strategic report and] the directors' report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Tudor Aw

Tudor Aw (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
24 January 2020

PROFIT AND LOSS STATEMENT for the 16 month period ended 31 March

	Note	2019 £
Revenue		9,202
Administrative expenses	1	(43,317)
Operating loss before taxation		(34,115)
Taxation	2	-
Loss for the period and total comprehensive income attributable to owners of the company		**(34,115)**

The company has not recognised gains or losses other than the loss for the current year and therefore there is no other comprehensive income for the year.

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET as at 31 March

	Note	2019 £
Current assets		
Trade and other receivables	3	2,092
		2,092
Total assets		**2,092**
Equity		
Capital and reserves		
Share capital	5	1
Retained earnings	10	(34,115)
Total Equity		**(34,114)**
Current liabilities		
Trade and other payables	4	36,206
		36,206
Total liabilities		**36,206**
Total equity and liabilities		**2,092**

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 8 to 15 were approved by the Board on 20 January 2020 and were signed on its behalf by

Alex Sinclair
Director

Registered Company Number: 11097066

STATEMENT OF CHANGES IN EQUITY for the 16 month period ended 31 March

	Note	Share Capital £	Retained Earnings £	Total Equity £
Balance as at 5 December 2017		1	-	1
Loss for the year and total comprehensive income		-	(34,115)	(34,115)
Balance as at 31 March 2019	5, 10	1	(34,115)	(34,114)

The accompanying notes form an integral part of these financial statements.

ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on a break up basis and under the historical cost convention.

The company is a private UK registered entity limited by shares incorporated in England and domiciled in the United Kingdom.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

Going concern
The directors consider that there is a material uncertainty over the Company continuing to trade and have concluded that the going concern basis is no longer appropriate. Accordingly, they have not prepared the financial statements on a going concern basis. In preparation of the financial statements on an alternate basis, management has continued to apply the requirements of IFRS taking into account that the Company may not continue as a going concern in the foreseeable future. This has resulted in non-current assets and liabilities measured at the lower of their carrying amount and fair value less costs to sell. As a result of such measurement, no adjustments were necessary to the carrying amounts reported, and accordingly no gain or loss was realised.

Revenue
The company adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 April 2018. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The company has applied IFRS 15 using the cumulative effect method (adopting all practical expedients). Under IFRS 15 revenue is recognised when a customer obtains control of goods or services in line with identifiable performance obligations. The impact of adopting the standard results in no material differences to the amounts previously presented under IAS 18, 'Revenues' and consequently there is no impact upon brought forward reserves.

Foreign currencies

(i) ***Functional and presentation currency***
Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in UK Pounds, which is the company's functional and presentation currency and is denoted by the symbol "£".

(ii) **Transactions and balances**
Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Trade Receivables
Trade receivables are held at amortised cost less any impairment provisions and this equates to their recoverable value. Movements in the impairment provision relating to credit risk are recognised within administrative expenses as bad debt expenses.

Expected credit losses

Financial assets are classified in to a measurement category at inception. The cash flows relating to the financial assets of the group relate solely to principal and interest and are held to collect contractual cash flows. Consequently, they are held at amortised costs and expected credit losses, along with gains and losses relating to foreign exchange are recognised directly in profit and loss.

ACCOUNTING POLICIES – continued

The Group applies the practical expedient provided by IFRS 9 of using a provision matrix for its short-term receivables after segmenting the assets by geography and type of customer. The provision matrices applied are based upon historic observable default rates, adjusted by forward looking estimates of the economic environment within the next twelve months.

Taxation
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax legislation is subject to interpretation and established provisions, where appropriate, on the basis of the amount expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on significant temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Related Party Transactions
Balances due to and from the parent company are recognised at the balance sheet date as related party transactions.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received.

Classification of financial instruments
The company classifies its financial assets as loans and receivables, which comprise trade and other receivables and cash and cash equivalents. The company classifies its financial liabilities as trade and other payables, deferred income and deferred grants held at amortised cost.

Fair value of financial instruments
The carrying values of the company's trade and other receivables, cash and cash equivalents and trade and other payables approximate their fair value due to their short-term nature.

New standards
The company has implemented IFRS 15 and IFRS 9 from 1 April 2018.

The company has assessed its balance sheet assets in accordance with the new classification requirements. There has been no change in the measurement for any of the company's financial assets or liabilities. In addition, IFRS 9 introduces an 'expected loss' model for the assessment of impairment of financial assets. The 'incurred loss' model under IAS 39 required the company to recognise impairment losses when there was objective evidence that an asset was impaired. Under the expected loss model, impairment losses are recorded if there is an expectation of credit losses, even in the absence of a default event. However, as permitted by IFRS 9, the company applies the 'simplified approach' to trade receivable balances. Due to general quality and short-term nature of the trade receivables, there is no significant impact on introduction of 'simplified approach'.

Refer to Revenue policy above for IFRS 15.

There has been no material impact to the company's financial statements following the application of the new standards.

Key judgement and estimation uncertainty
The preparation of financial statements under IFRS requires management to make estimates and assumptions that affect amounts recognised for assets and liabilities at the balance sheet date and the amounts for revenue and expenditure incurred during the reported period. There are no material estimates or assumptions that have a significant impact on the carrying value of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS for the 16 month period ended 31 March

1 Administrative expenses

	2019
	£
Project consultants fees and expenses	23,043
Auditors' remuneration	20,000
Realised & Unrealised exchange (gains) / losses	(17)
Other expenses	291
	43,317

2 Taxation

	2019
	£
(a) Corporation tax for the year	-

(b) Tax reconciliation
The current charge for the year is different than the current charge that would result from applying the standard rate of Corporation Tax applicable to profit on ordinary activities.

The differences are explained below:

	£
Loss before taxation	(34,115)
Loss on ordinary activities at the standard rate of tax at 19%	(6,482)
Effects of:	
Prior year (over) / under provision	-
Non-taxable loss	6,482
	-

3 Trade and other receivables

	2019
	£
Trade receivables	2,092
	2,092

Amounts owed from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

4 Trade and other payables

	2019
	£
Amounts owed from group undertakings (note 7)	16,206
Accrued expenses	20,000
	36,206

NOTES TO THE FINANCIAL STATEMENTS for the 16 month period ended 31 March - continued

5 Share Capital

	2019
	£
Authorised:	
1 ordinary share of £1	1
Issued and fully paid:	
1 ordinary share of £1	1

6 Parent and ultimate controlling party

The company is a wholly owned subsidiary of GSMA Ltd. The directors consider the ultimate parent to be GSM Association, a Swiss verein, which is the largest and smallest group of undertakings to consolidate these financial statements at 31 March 2019.

7 Related party transactions

	2019
	£
Year end balances arising from purchase of overhead goods and services due to GSMA Ltd and Associated Companies	16,206

8 Key management compensation

All key management personnel compensation is borne by the ultimate parent company.

9 Financial instruments and risk management

IFRS 9 Financial Instruments has been applied to cash and cash equivalents, trade and other receivables and trade and other payables.

(a) **Market risk**

Interest rate risk management

The company does not hold or issue any interest bearing financial assets or liabilities that may expose the group to either interest rate flows or fair value volatility.

Foreign exchange

The company is not materially not materially exposed to foreign exchange.

Price risk management

The company has no exposure to equity securities price risk at the balance sheet date.

(b) **Credit risk management**

The company does not have any significant concentrations of credit risk. Policies are in place to ensure that transactions are only undertaken with customers with an appropriate credit history.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Association's historical experience and informed credit assessment and including forward-looking information.

The application of IFRS 9's impairment requirements at 1 April 2018 did not result in any significant additional impairment allowance.

NOTES TO THE FINANCIAL STATEMENTS for the 16 month period ended 31 March – continued

(c) Liquidity risk management
The company has borrowings from related parties from related parties at the balance sheet date and its liquidity is underwritten by its parent company GSMA Ltd. underwritten by its parent company GSMA.

(d) Hedging activities
The company has not entered into any hedging activities during the year and had no outstanding transactions at the balance sheet date.

(e) Other derivatives
The company has not entered into any other derivative transactions.

(f) Classification of financial instruments
A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Trade and other receivables, amounts due from related parties, and cash and cash equivalents are measured at amortised cost.

The company company's non-derivative financial liabilities consist of amounts due to related parties, and trade and other payables. All non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs.

The new classifications above did not result in any significant change in measurement of values under IFRS 9.

10 Retained Earnings	2019
	£
Opening retained earnings at 5 December 2017	-
Loss for the 16 months to 31 March 2019	(34,115)
Closing retained earnings at 31 March 2019	(34,115)