Wirex Holdings Limited

Company Number 12323130

Annual Report and Financial Statements

For the Period Ended 30 June 2020

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Wirex Holdings Limited
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30 June 2020

Wirex Holdings Limited
Corporate directory
30 June 2020

Directors	P Matveev D Lazarichev
Company number	12323130
Registered office	9th Floor 107 Cheapside London England EC2V 6DN
Independent Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Principal activity
The Group's principal activity is facilitating the exchange of fiat and digital currencies and allowing consumers to securely transact in digital currencies, such as Bitcoin, Ethereum and Ripple.

General confirmation of Directors' duties

Wirex's Board has a clear framework for determining the matters within its Group. Certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval.

When making decisions, each director ensures they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1) (A) "The likely consequences of any decision in the long term"

The Directors recognise how our operations are viewed by different parts of society and that before decisions are made they are consulted with various different internal committees. Given the complexity of the industry we operate in, the Directors have taken the decisions they believe best support Wirex's strategic ambitions.

S172(1) (B) "The interests of the Company's employees"

The Directors recognise that Wirex employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

S172(1) (C) "The need to foster the Company's business relationships with suppliers, customers and others"

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and regulators. Wirex seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships. The businesses continuously assess the priorities related to customers and those with whom we do business, and the Board engages with the businesses on these topics, for example, within the context of business strategy updates and investment proposals.

S172(1) (D) "The impact of the Company's operations on the community and the environment"

This aspect is inherent in our strategic ambitions, most notably on our ambitions to thrive through the global digital currency transition. As such, the Board receives information on these topics to both provide relevant information for specific Board decisions and to provide ongoing overview at the Group level.

S172(1) (E) "The desirability of the Company maintaining a reputation for high standards of business conduct"

The Board periodically reviews and approves clear frameworks, to ensure that its high standards are maintained both within the businesses and the business relationships we maintain. This, complemented by the ways the Board is informed and monitors compliance with relevant governance standards help assure its decisions are taken and Wirex act in ways that promote high standards of business conduct.

S172(1) (F) "The need to act fairly as between members of the Company"

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our Directors act fairly between the Company's members.

Wirex Holdings Limited
Strategic report
30 June 2020

Review of business

The Group provides digital asset exchange services to consumers worldwide. These services include fulfilment of digital asset buy and sell, in addition to physical wallet services.

The period 30 June 2020 is the fourth full year of operations for the Group however, this is the first period for Wirex Holdings Limited since its incorporation, 19 November 2019. The Group derives revenue from exchange services fees assessed on each buy/sell transaction. During the period the Group recognised total turnover of £316,012,701 and cost of (£308,513,185) resulting in net income of £7,499,516.

The Group relaunched its card in Asia Pacific during the period, this gave customers the ability to transact with the card and fulfilment of digital asset buy and sell.

Principal risks and uncertainties

The risk of regulatory changes adversely impacting the Group's position and capacity to conduct business.
The Group has proactively engaged regulators to gain clarity on the evolving regulatory landscape affecting the digital asset industry. The Group will continue to deploy its resources to diligently monitor the market and regulatory environment for threats and opportunities.

The risk of loss resulting from inadequate or failed policies or controls, key people and knowledge, systems and external events in respect of new product implementations, entering new markets and sustainability of key agreements with banking partnerships.
The Group actively monitors its operations and documents key business processes to facilitate knowledge transfers in the event of team member turnover. The Group conducts regular third-party penetration testing.

The risk of loss resulting from data protection or privacy failures and incomplete, inaccurate or untimely reporting of financial and operating information leading to potential fines, penalties or sanctions.
The Group has a robust and growing team of compliance professionals that ensure that all members of staff have sufficient training to ensure adherence to reporting and other regulatory requirements. Compliance, Legal and Finance teams across the Group combine efforts to ensure timely and accurate reporting to regulatory bodies.

The risk of loss resulting from employee and third-party fraud risk as well as product and engineering risks.
The Group employs strict protocols to ensure that customer data and assets are safeguarded. This includes ongoing monitoring of platform activity and reconciliation of transaction against platform data.

The risk that Wirex does not have sufficient financial resources to meet its commitments as they fall due.
Wirex maintains adequate levels of liquidity and will ensure that it continues to maintain sufficient levels of liquidity to meet foreseeable and unexpected needs. Daily monitoring and control processes are in place to address internal and regulatory liquidity requirements

Analysis of key performance indicators (KPI)

The Board monitors the progress of the Group by reference to the following KPIs:

	2020	2019
Turnover for the year (pro-rated)	£316,012,701	£127,690,922
Net assets	£7,699,911	£8,953,418

Future Developments

The Group expects international expansion, especially in the North American and APAC region over the upcoming year. Key elements of the Group's business strategy include:

- Support and grow of the Wirex brand through international expansion
- Provide custodial services that enhance user experience
- Support customer retention and growth
- Assist in risk management and compliance through enhanced transaction monitoring, anti-money laundering and know your customer policies and procedures

This report is signed on behalf of the Group and Company by:

D Lazarichev - Director

29th July 2021

Wirex Holdings Limited
Directors' report
30 June 2020

The Directors present their Directors report together with the Strategic report and the financial statements of of 'Wirex Holdings Limited ('the Company') and it subsidiary (together 'the Group') for the period ended 30 June 2020. Wirex Holdings Limited was incorporated on the 19 November 2019. The Directors in the period were as follows:

P Matveev
D Lazarichev

Directors' responsibilities statement

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 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 101 'Reduced Disclosure Framework'. 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 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;
- 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.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial period.

Review of operations

Wirex has considered our reporting obligations under the Companies and Limited Liability Partnerships Regulations 2018 and have concluded that it is exempt from the requirement to report as the Group consumed less than 40,000kWh of energy during the period.

The loss for the Group after providing for income tax amounted to £2,641,089. The parent continues to operate a branch outside of the United Kingdom, within Ukraine.

Research and development
During the period the Group partook in research and development activities which were then subsequently capitalised, further details can be found in Note 12.

Wirex Limited
Directors' report
30 June 2020

Significant changes in the state of affairs
Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

The impact of COVID-19 on future performance and therefore on the measurement of some assets and liabilities or on liquidity might be significant and might therefore require disclosure in the financial statements, but management has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

Matters subsequent to the end of the financial year
After the period end, Wirex obtained a temporary registration to carry out cryptoasset activities specified under the amended Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs). At present, there has been an extension for temporary registration regime until 31 Match 2022. The extended date allows cryptoasset firms to continue to carry on business while assessments are going ahead. Wirex has completed and submitted its registration application to the FCA and is awaiting a final decision.

After the period end, Wirex successfully completed a crowdfunding raise amounting to £3.7m.

Disclosure of information to the auditors
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor
The auditor, Buzzacott LLP, was appointed during the period.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors

D Lazarichev
Director

29th July 2021

Independent auditor's report to the members of Wirex Holdings Limited

Opinion

We have audited the financial statements of Wirex Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 30 June 2020 which comprise the Statements of comprehensive income, the Statements of financial position, the Statements of changes in equity, the Statements of cash flows and the Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2020 and of the group's profit for the period then ended;
- have been properly prepared in accordance with IFRSs 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 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that Wirex Limited is reliant on obtaining full registration with the FCA to carry out cryptoasset activities after 31 March 2022. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 this regard.

Opinion 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 period 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.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors
As explained more fully in the Directors' responsibilities statement, 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 group's and the parent 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 group or the parent 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

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.

Katherine White (Senior Statutory Auditor)

Buzzacott LLP

For and on behalf of
Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

29th July 2021

Wirex Holdings Limited
Statements of comprehensive income
For the period ended 30 June 2020

	Notes	Consolidated 2020 £	Consolidated 2019 Restated £	Parent 2020 £
Turnover	5	316,012,701	191,536,383	-
Cost of sales		(308,513,185)	(181,623,926)	(574)
Gross profit		7,499,516	9,912,457	(574)
Administrative expenses		(8,768,511)	(25,196,383)	(14,400)
Gain on revaluation of inventory		(806,791)	17,314,928	-
Operating profit/(loss)		(2,075,786)	2,031,002	(14,974)
Interest receivable/payable and other income		(162,034)	-	-
Profit/(loss) before income tax (expense)/benefit		(2,237,820)	2,031,002	(14,974)
Income tax (expense)/benefit	9	485,433	(688,582)	-
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Wirex Holdings Limited		(1,752,387)	1,342,420	(14,974)
Total comprehensive income for the year attributable to the owners of Wirex Holdings Limited		(1,752,387)	1,342,420	(14,974)

Refer to note 5 on page 26 for detailed information on turnover.

Refer to note 9 on page 28 for detailed information income tax expense/benefit.

Refer to note 4 on page 25 for detailed information on the Restatement of comparatives.

All amounts relate to continuing operations. There was no other comprehensive income for 2020 or 2019.

Wirex Holdings Limited
Statements of financial position
As at 30 June 2020

		Consolidated		Parent
		2020	**2019 Restated**	**2020**
	Note	**£**	**£**	**£**
Assets				
Non-current assets				
Investments	10	-	-	755,298
Property, plant and equipment	11	223,939	439,583	-
Right to use asset	27	535,247	-	-
Intangibles	12	6,803,495	4,605,158	-
Total non-current assets		7,562,681	5,044,741	768,254
Current assets				
Cash and cash equivalents	13	1,707,299	2,216,439	-
Trade and other receivables	14	5,169,371	6,474,250	2,400
Inventories	15	48,213,366	30,773,401	-
Total current assets		55,090,036	39,464,090	-
Total assets		62,652,717	44,508,831	757,698
Liabilities				
Non-current liabilities				
Deferred tax	16	959,936	33,650	-
Other liabilities	17	2,271,920	-	-
Total non-current liabilities		3,231,856	33,650	-
Current liabilities				
Trade and other payables	18	51,176,573	35,521,763	14,400
Lease liability		544,377		
Total current liabilities		51,720,950	35,521,763	-
Total liabilities		54,952,806	35,555,413	14,400
Net assets		7,699,911	8,953,418	743,298
Equity				
Issued capital	19	13,547	13,547	13,530
Share premium		2,502,629	2,538,954	-
Other reserves	20	6,409,191	5,730,396	744,742
Retained profits / (accumulated losses)		(1,225,456)	670,521	(14,974)
Total equity		7,699,911	8,953,418	743,298

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

Name: DMITRY LAZARICHEV Date 29 July 2021

The above statements of financial position should be read in conjunction with the accompanying notes

Wirex Holdings Limited
Statements of changes in equity
For the year period 30 June 2020

Consolidated	Issued capital £	Share premium £	Other reserves £	Retained profits £	Non-controlling interest £	Total equity £
Balance at 1 January 2018	12,947	2,561,731	-	(671,899)	-	1,902,779
Profit / (Loss) after income tax benefit for the year	-	(36,324)	-	1,342,420	-	1,306,096
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	(36,324)	-	1,342,420	-	1,306,096
Transactions with owners in their capacity as owners:						
Issued share capital	600	13,547	-	-	-	14,147
Shareholder contributions	-	-	5,554,462	-	-	5,554,462
Issue of share options	-	-	175,934	-	-	175,934
Balance at 30 June 2019	13,547	2,538,954	5,730,396	670,521	-	8,953,418

The above statements of changes in equity should be read in conjunction with the accompanying notes

Wirex Holdings Limited
Statements of changes in equity
For the period ended 30 June 2020

	Issued capital	Share premium	Other reserves	Retained profits	Non-controlling interest	Total equity
Consolidated	£	£	£	£	£	£
Balance at 30 June 2019	13,547	2,538,954	5,730,396	670,521	-	8,953,418
Restatement						
Adjustment for prior year (note 4)	-	-	-	(143,590)	-	(143,590)
Balance at 30 June 2019	13,547	2,538,954	5,730,396	526,931	-	8,809,828
Profit / (Loss) after income tax benefit for the year	-	-	-	(1,752,387)	-	(1,752,387)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,752,387)	-	(1,752,387)
Transactions with owners in their capacity as owners:						
Issued share capital	-	-	-	-	-	-
Shareholder contributions	-	-	-	-	-	-
Retraction of share options	-	(36,325)	678,795	-	-	642,470
Balance at 30 June 2020	13,547	2,502,629	6,409,191	(1,225,456)	-	7,699,911

The above statements of changes in equity should be read in conjunction with the accompanying notes

Wirex Holdings Limited
Statements of changes in equity
For the period ended 30 June 2020

Parent	**Issued capital £**	**Share premium £**	**Other reserves £**	**Retained profits £**	**£**
Profit /(loss) after income tax benefit for the year	-	-	-	(14,974)	(14,974)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-		-	(14,974)	(14,974)
Transactions with owners in their capacity as owners:					
Issued share capital	13,530	-	-	-	13,530
Shareholder contributions	-	-	-	-	-
Issue of share options	-	-	744,742	-	744,742
Balance at 30 June 2020	13,530	-	744,742	(14,974)	743,298

The above statements of changes in equity should be read in conjunction with the accompanying notes

Wirex Holdings Limited
Statements of cash flows
For the period ended 30 June 2020

	Note	Consolidated 2020 £	Consolidated 2019 Restated £	Parent 2020 £
Cash flows from operating activities				
Profit/(loss) before income tax (expense)/benefit for the year		(2,237,820)	2,031,002	-
Adjustments for:				
Depreciation and amortisation		1,464,650	537,978	-
Lease Liability		(535,248)		
Share based payments		686,913	175,934	-
		(668,679)	2,744,914	-
Change in operating assets and liabilities:				
Increase/(decrease) in trade and other receivables		1,304,879	(6,112,852)	-
Increase/(decrease) in inventories		(17,439,965)	(1,491,735)	-
Increase/(decrease) in trade and other payables		19,397,393	6,102,942	-
		3,262,307	(1,501,645)	-
Income taxes refunded/(paid)		(485,433)	(688,582)	
Net cash used in operating activities		3,079,061	554,687	-
Cash flows from investing activities				
Payments for investments		-	-	-
Payments for property, plant and equipment	11	(571,243)	(572,746)	-
Payments for intangibles	12	(2,962,581)	(4,202,480)	-
Net cash used in investing activities		(3,486,650)	(4,775,226)	-
Cash flows from financing activities				
Proceeds from issue of shares	19	-	14,147	-
Movement in share premium		36,325	(36,324)	-
Capital contribution/other reserves		(137,876)	5,554,462	-
Net cash from financing activities		(101,551)	5,532,285	-

The above statements of cash flows should be read in conjunction with the accompanying notes

Wirex Holdings Limited
Statements of cash flows
For the period ended 30 June 2020

	Note	Consolidated 2020 £	Consolidated 2019 £	Parent 2020 £
Net increase in cash and cash equivalents		(509,140)	1,311,746	-
Cash and cash equivalents at the beginning of the financial year		2,216,439	904,693	-
Cash and cash equivalents at the end of the financial year		1,707,299	2,216,439	-

The above statements of cash flows should be read in conjunction with the accompanying notes

Wirex Holdings Limited
Notes to the financial statements
30 June 2020

1. General information

The financial statements cover both Wirex Holdings Limited as an individual entity and the Group consisting of Wirex Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Pound sterling, which is Wirex Holdings Limited's functional and presentation currency.

Wirex Holdings Limited, company number 12323130, is a private company by shares, incorporated and domiciled in England and Wales. Its registered office and principal place of business is:

9th Floor 107 Cheapside
London
England
EC2V 6DN

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, IFRIC Interpretations and parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Going Concern

Wirex Limited is currently permitted to carry out cryptoasset activities in the UK under the FCA's Temporary Registration Regime. The group is reliant on obtaining full registration to carry out cryptoasset activities after 31 March 2022 (unless this deadline is moved back again). Wirex are in discussions with the FCA to obtain approval and, in the option of the directors, the group is taking all of the necessary steps for Wirex Limited to be approved for full registration, however the directors acknowledge that the approval of the FCA is out of the group`s control and therefore there is a material uncertainty in relation to the ability of the group to continue as a going concern until such time as this registration is approved by the FCA.

2. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Foreign currency translation

Parent company
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are recorded at the exchange rate ruling at the date of transaction. All differences are taken to the profit and loss.

Group
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency. The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of the exchange ruling at the statement of financial position date. Income and expenses for each statement of comprehensive income are translated at the average exchange rate for the period. All differences are taken to the profit and loss.

Accounting for merger on formation of the group
Wirex Holdings Limited acquired all equity interests in Wirex Limited. This was effected through the acquisition of equity interests by a newly formed subsidiary, Wirex Limited is now a 100% owned subsidiary of Wirex Holdings Limited and consolidated into these financial statements.

In preparing these Consolidated Financial Statements, the Company is required to determine whether the transaction falls within the scope of IFRS 3 Business Combinations in order to determine the appropriate basis for disclosure. It is the directors' view that the transaction falls within the scope exclusion of IFRS 3, and as such an alternative accounting policy must be selected. In the opinion of the directors, there is no other IFRS that specifically applies to this transaction.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (paras 10-12) requires the Company to develop and apply an accounting policy suitable to the transaction, in accordance with the particulars laid out in the standard. IAS 8 para 12 also states that "In making the judgement described in paragraph 10, management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices...".

In reviewing the scope of the merger and group formation, the directors have determined the selection of an accounting policy analogous to that of the UK's FRS102 section 19 Business Combinations and Goodwill (merger accounting method) will provide the most relevant, reliable and representative accounting treatment, which reflects the economic substance of the transaction.

Under merger accounting the results of the Group entities are combined from the beginning of the comparative period before the merger occurred. Comparatives are restated on a combined basis and adjustments made as necessary to achieve consistency of accounting principles.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Wirex Holdings Limited ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Wirex Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'Group'. Wirex Holdings Limited acquired 100% of the ordinary shares in Wirex Limited on 15 April 2020. This is the first acquisition it has undertaken; the primary reason for this strategic move is to create efficiencies within the group.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2. Significant accounting policies (continued)

InterCompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Revenue recognition
Revenue is derived from cryptocurrency transactional services, where a user of the Group's services can buy and sell cryptocurrencies and exchange fiat currencies. The Group charges fixed transaction fees to provide this service. Revenue is *recognised at the point of trade and settlement is instantly transferred into the* Group bank account *from the client account.* The Group recognises the gross number of cryptocurrencies instantaneously sold on behalf of the Group's client.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

2. Significant accounting policies (continued)

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories
Inventories relate to cryptocurrencies that are traded as part of the ordinary course of the Group's business. They are carried at fair value less costs to sell through profit or loss. At the end of each reporting period, the Directors update their assessment of the quantity of WXT, taking into account the sales and volumes during the period and future plans. For further details please refer to notes 3 and 15.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

2. Significant accounting policies (continued)

Investments
Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Group has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit-impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Property, plant and equipment
Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Fixtures and fittings	3 years straight line
Office equipment	3 years straight line

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible spend is reviewed on an annual basis and amortisation begins after the review. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The amortisation cost is recognised within administrative expenses. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Intellectual property
Intellectual property comprises internally generated software development costs. Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years. Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

2. Significant accounting policies (continued)

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are Grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The following new standards, amendments and interpretations are in issue but not yet effective and have not been early adopted by the Group and are not expected to have a significant impact: IFRS 16 Leases

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

3. Critical accounting judgements, estimates and assumptions (continued)

Fixed asset investments
The Group assesses at each reporting date whether an asset may be impaired. If any such indication exists the Group estimates recoverable amount of the asset. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in the statement of comprehensive income unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply. At the period end the carrying value amounted to Nil.

Inventories
Cryptocurrencies have been classified as stock as they are similar to commodities, this is in accordance with IAS 2. Cryptocurrencies are valued at market value on the basis that the Group believes this is realisable and that they have access to the appropriate liquid markets. The Group has the ability to trade client positions with their own holdings as their clients move in and out of fiat against cryptocurrencies with their liquidity provider. The Group used an open market source to carry out their year-end valuations. At the period end the carrying value amounted to £48,213,366.

Capitalisation of intellectual property
The Group capitalised costs in relation to its intellectual property, these costs were determined by a reputable 3rd party source. The Group capitalised costs in accordance with IAS 38. At the period end the carrying value amounted to £6,801,762.

Revenue recognition Principal vs Agent
For transactions involving the sale of cryptocurrency, Wirex accounts for revenue as principal as it has the power to control the assets and exercises this power prior to the assets being transferred to customers. For transactions involving the sale of fiat currency, Wirex accounts for revenue as an agent, as it does not have the power to control this asset. Further details can be found in note 5.

WXT token
In the prior period, the Group created a crypto token – WXT. These have been recorded on the statement of financial position in one of two categories. The entity recognises tokens which will be held in the long term as an intangible asset, while recognising all tokens which will be available for sale within one year as inventory. Further details can be found in notes 12 and 15. At the period end the carrying value amounted to £21,000,000.

Share based payments
The entity has recognised the exercise price of the options at the contracted value. This is in accordance with IFRS 2. Further details can be found in note 26. At the period end the carrying value amounted to £374,000.

4. Restatement of comparatives

Correction of error
In the financial statements for the period ended 30 June 2019, revenues had been incorrectly valued and consequently written down by £143,590.

Statements of comprehensive income

		Consolidated	
	2019		2019
	£	£	£
	Reported	Adjustment	Restated
Turnover	191,536,383	(143,590)	191,392,793
Cost of sales	(181,623,926)	-	(181,623,926)
Administrative expenses	(25,196,383)	-	(25,196,383)
Profit before income tax expense	2,031,002	(143,590)	1,887,412
Income tax expense	(688,582)	-	(688,582)
Profit after income tax (expense)/benefit for the year attributable to the owners of Wirex Limited	1,342,420	(143,590)	1,198,830
Other comprehensive income			
Foreign currency translation	-	-	-
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year attributable to the owners of Wirex Limited	1,342,420	(143,590)	1,198,830

5. Turnover

	Consolidated 2020 £	Consolidated 2019 Restated £	Parent 2020 £
Commission from sale of currency (as agent) and revenue from sale of cryptocurrency (as principal)	304,962,781	185,280,604	-
Sale of WXT	6,962,891	2,642,399	-
Revenue share income	2,422,229	1,823,770	-
Blockchain fees	899,158	799,417	-
Set-up fees		530,000	-
Other revenue	89,881	400,042	-
Dormancy Fee	675,761	-	-
Card sales	-	60,151	-
	316,012,701	191,536,383	-

Set-up fees
In the prior period set-up fees includes token integration, due diligence analysis, and non-refundable deposit income of £530,000 from contracts with the customers signed and recognised within the financial year. They are in a form of one-off fees. No judgement is required in the calculation.

The Group's turnover was generated in the following geographical areas:

	Consolidated 2020 £	Consolidated 2019 Restated £	Parent 2020 £
United Kingdom	311,511,402	190,549,714	-
Singapore	4,455,797	746,792	-
Canada	45,502	239,877	-
	316,012,701	191,536,383	-

6. Auditor's remuneration

	Consolidated 2020	Consolidated 2019	Parent 2020
Fees payable to the Group's auditor and its associates in respect of:			
Audit	33,000	25,000	12,000
Tax compliance	11,000	11,000	-
Total	44,000	36,000	12,000

7. Employees

The average monthly number of employees, including the Directors, during the period was as follows:

	Consolidated		Parent
	2020	2019	2020
Management	5	6	-
Compliance	11	11	-
Financial	5	3	-
HR	3	2	-
Legal	2	1	-
Marketing	9	15	-
Product	2	2	-
	37	40	-

Employee costs were as follows:

	Consolidated		Parent
	2020	2019	2020
	£	£	£
Wages and salaries	2,740,021	3,005,291	-
Social security contributions	281,267	386,660	-
Pension contributions	86,731	19,041	-
	3,108,019	3,410,992	-

8. Directors' remuneration

The following emoluments were paid by the Group and Company in respect of services of Directors of the Company:

	Consolidated		Parent
	2020	2019	2020
	£	£	£
Directors' emoluments	300,000	504,087	-
Pension contributions	2,626	5,970	-
	302,625	510,057	-

During the period the highest paid director received £150,000 with pension of £1,313.

During the period there was no compensation for the loss of office.

During the period there was also no share transactions involving the Directors.

9. Income tax expense/(benefit)

	Consolidated Tax Notes	
Disclosure	**2020 £**	**2019 £**
Profit and loss account Current tax		
Current Tax	(814,280)	665,625
Adjustments in respect of prior periods	(600,089)	
Foreign tax	1,312	14,988
Total current tax charge	(1,413,057)	680,568
Deferred tax included in income tax expense at the statutory rate	1,228,322	11,257
Adjustments in respect of prior periods	(272,589)	(3,288)
Remeasurement of deferred tax for changes in tax rates	(28,110)	
Increase in deferred tax liabilities	927,623	7,969
Aggregate income tax expense (benefit)	(485,433)	688,582

9. Income tax expense/(benefit) (continued)

	Consolidated Tax Notes	
	2020	**2019**
	£	**£**
Profit/ loss before income tax (expense/ benefit)	(2,237,820)	2,031,002
Tax at the local rate of 19%	(448,827)	385,891
Effects of:	-	-
Fixed asset differences	515,349	34
Expenses not deductible for tax purposes	20,626	(24,734)
Additional deduction for R&D expenditure	(666,181)	
Adjust opening deferred tax to average rate of 19.00%	-	2,634
Adjust closing deferred tax to average rate of 19.00%	-	(3,959)
Adjustments to tax charge in respect of previous periods - deferred tax	(272,589)	(3,288)
Remeasurement of deferred tax for changes in tax rates	(28,110)	
Surrender of tax losses for R&D tax credit refund	252,707	
Adjustments in respect of prior periods	(600,089)	(71,986)
Foreign tax	1,312	14,988
Differences in overseas tax rates	70,663	18,317
Unrecognised deferred tax assets	669,705	362,767
Tax charge/(credit) for the period	(485,433)	688,582

The unused tax losses of £362,767 were incurred by overseas subsidiaries where the likelihood of future profits remain uncertain.

10. Non-current assets – investments

	Consolidated 2020 £	Consolidated 2019 £	Parent 2020 £
Investments in subsidiaries	-	-	768,254

Reconciliation
Reconciliation of the balance at the beginning and end of the current and previous financial year are set out below:

	Consolidated 2020 £	Consolidated 2019 £	Parent 2020 £
Opening balance	-	-	-
Additions	-	-	768,254
Closing balance	-	-	768,254

Name	Country of incorporation	Class of shares	Principal activity
Wirex Limited	United Kingdom	Ordinary	Payment card provider

All subsidiary investments are 100% holdings.

Wirex Limited owns the following:

Name	Country of incorporation	Class of shares	Principal activity
Wirex Japan Limited	Japan	Ordinary	Payment card provider
Wirex Pte. Ltd.	Singapore	Ordinary	Payment card provider
Wirex USA Inc.	USA	Ordinary	Payment card provider
Wirex Canada	Canada	Ordinary	Payment card provider
Wirex Gibraltar Limited	Gibraltar	Ordinary	Token Issuance
Wirex Ireland Limited	Ireland	Ordinary	Payment card provider

All subsidiary investments are 100% holdings.

All entities have a coterminous year end.

11. Non-current assets - property, plant and equipment

	Consolidated 2020 £	Consolidated 2019 £	Parent 2020 £
Fixtures and fittings - at cost	178,341	170,179	-
Less: Accumulated depreciation	(144,856)	(78,191)	-
	33,485	91,988	-
			-
Right of use assets	1,133,466	-	-
Less Accumulated Depreciation	(598,218)	-	-
	535,248	-	-
Office equipment - at cost	622,104	585,894	-
Less: Accumulated depreciation	(431,650)	(238,299)	-
	190,454	347,595	-
			-
	759,187	439,583	-

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Fixtures and fittings £	Right of use asset £	Office equipment £	Total £
Balance at 1 July 2019	91,988	-	347,595	439,583
Additions	(10,228)	1,133,466	45,525	1,168,765
Depreciation expense	(48,278)	(598,218)	(202,666)	(849,162)
Balance at 30 June 2020	33,482	535,248	190,454	759,186

Parent	Fixtures and fittings £	Right of use asset £	Office equipment £	Total £
Balance at 30 June 2020	-	-	-	-

12. Non-current assets – intangibles

	Consolidated 2020 £	Consolidated 2019 £	Parent 2020 £
Intellectual property - at cost	7,503,740	4,766,488	-
Less: Amortisation	(701,978)	(225,329)	-
	6,801,762	4,541,159	-
Patents and trademarks - at cost	1,733	1,733	-
Other intangible assets - at cost	-	62,266	-
	-		
	6,803,495	4,605,158	-

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	**Intellectual property £**	**Patents and trademarks £**	**Other intangible assets £**	**Total £**
Balance at 30 June 2019	4,541,159	1,733	62,266	4,605,158
Additions (restated)	-	-	(62,266)	(62,266)
		-	-	
Additions	2,962,581			2,962,581
Amortisation	(701,978)	-	-	(701,978)
Balance at 30 June 2020	6,801,762	1,733	-	6,803,495

12. Non-current assets - intangibles (continued)

Parent	Intellectual property £	Patents and trademarks £	Other intangible assets £	Total £
Balance at 30 June 2020	-	-	-	-

During the period the Group incurred costs of £2,690,078 which were capitalised, in accordance with IAS 38. Intellectual property is internally generated. There has been no research and development recognised as expenses during the period.

13. Current assets- Cash and cash equivalents

	Consolidated 2020 £	Consolidated 2019 £	Parent 2020 £
Cash in Bank	18,085,698	9,892,491	-
Customer Deposits	(16,378,400)	(7,676,052)	-
	1,707,298	2,216,439	-

14. Current assets – trade and other receivables

	Consolidated 2020 £	Consolidated 2019 £	Parent 2020 £
Trade receivables	675,761	237,102	-
Amounts owed by Group companies	-	-	-
Other receivables	4,108,298	5,764,539	-
Prepayments and accrued income	385,312	472,609	-
	5,169,371	6,474,250	-

15. Current assets – inventories

	Consolidated 2020 £	Consolidated 2019 £	Parent 2020 £
Cryptocurrencies	48,213,366	30,773,401	-

The amount of inventories recognised as an expense during the period is £296,324,073.

Of the total balance at 30 June 2020, £21,000,000 relates to WXT. A large portion of the total inventories amount has been set aside to repay the other payables due (see Note 18). Once these amounts have been taken out, the remaining figure for stock would be a deficit of £3,308,568.

16. Non-current liabilities – deferred tax

	Consolidated 2020 £	Consolidated 2019 £	Parent 2020 £
Deferred tax liability comprises temporary differences attributable to:			
Amounts recognised in profit or loss:			
Accelerated capital allowances	(959,936)	7,969	-
Deferred tax liability	959,936	33,650	-
Movements:			
Opening balance	33,650	25,681	-
Charged to profit or loss (note 9)	926,286	7,969	-
Closing balance	959,936	33,650	-

17. Non-current liabilities

	Consolidated 2020 £	Consolidated 2019 £	Parent 2020 £
Other Liabilities	2,271,920	-	-

This amount relates to an interest-free loan made to the company, represented by Dai cryptocurrency tokens, is repayable in later than 12 months following the year end.

18. Current liabilities – trade and other payables

	Consolidated 2020 £	Consolidated 2019 £	Parent 2020 £
Trade payables	874,600	1,306,739	-
Corporation tax	714,496	715,595	-
Other taxation and social security	-	11,154	-
Other payables	49,501,826	33,221,702	-
Accruals and deferred income	85,651	266,573	14,400
Lease Liability	544,377	-	-
	51,720,950	35,521,763	14,400

Of the total amount of liabilities, £44,127,996 relates to amounts due in cryptocurrency in this period.
This figure is made up of various cryptocurrencies. This amount has been grossed up and should be read in conjunction with note 15. Once this set against the respective stock amount, the total current liability figure would fall to £3,308,568.

19. Equity – issued capital

	Consolidated 2020 £	Consolidated 2019 £	Parent 2020 £
11,080 Ordinary A shares of £1 each	-	11,080	-
209 Ordinary B shares of £1 each	-	209	-
2,258 A Preference shares of £1 each	-	2,258	
	-	13,547	-

	Consolidated 2020 £	Consolidated 2019 £	Parent 2020 £
11,080,000 Ordinary A shares of £0.001 each	11,080	-	11,080
209,000 Ordinary B shares of £0.001 each	209	-	209
2,258,000 A Preference shares of £0.001 each	2,258	-	2,258
	13,547	-	13,547

On 15 April 2020, the Company transferred the shares from Wirex Limited to Wirex Holdings with ordinary share capital being valued at £0.001.

Class A Shares have full rights in the Company in respect to Voting, Dividends and Distributions.

Class B Shares have no voting rights attached to them and Class B shareholders do not have the right to receive notice of any General Shareholders Meetings, nor the right to attend such General Shareholders Meetings in accordance with the Company's articles.

Series A Preference shares have full rights in the Company with respect to Voting, Dividends and Distributions.

The preference shares rank above that of the A and B shares in the event of liquidation until the price of £1,068.50 per share is repaid out of distributable reserves.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

19. Equity - issued capital (continued)

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Capital resources include initial capital requirements and ongoing capital requirements. As an Authorised Electronic Money Institution, Wirex are required to hold €350,000 of regulatory capital as a condition of authorisation (initial capital requirements). This condition, as a minimum value, needs to be maintained at all times and can be made of the following items:

1. capital instruments;
2. share premium accounts related to the instruments referred to in point (a);
3. retained earnings;
4. accumulated other comprehensive income; and
5. other reserves.

In addition to the initial capital requirements, Wirex must meet ongoing capital requirements, which are minimum own funds held by Wirex and are dependent upon the value of services they undertake.

Wirex must calculate and hold own funds provisions for its Unrelated Payment Services separately to their electronic money issuance and related payment services. Therefore, any Unrelated Payment Services ongoing capital requirements are in addition to requirements under electronic money issuance. However, to the extent that the calculations under for e-money issuance and related payment services are less than the €350,000 minimum initial capital requirement, the Unrelated Payment Services requirements using need only be in addition to the calculations for electronic money issuance and do not need to be in addition to the €350,000 minimum capital.

20. Equity – other reserves

	Consolidated 2020 £	Parent 2020 £
Capital contribution	6,409,191	-

During the previous period the co-founders of the Group injected £6,409,191 as a contribution of capital. This is a capital contribution treated as equity under IAS 32 because it is not repayable.

In the current year £678,795 was recognised as the movement of fair value of share options. (2019: £175,934)

21. Equity – dividends

There were no dividends paid, recommended or declared during the current or previous financial periods.

22. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Risk management is carried out by the Group's management under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Management identifies, evaluates and hedges financial risks within the Group's operating units.

The financial assets of the Group and Company comprises of cash and cash equivalents and debtors, excluding prepayments. While financial liabilities are made up of liabilities, excluding cryptocurrency. Below are totals:

	Consolidated		Parent
	2020	2019	2020
	£	£	£
Financial assets			
At amortised cost	5,240,007	6,241,309	-
Financial liabilities			
At amortised cost	10,315,184	3,485,235	-

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group is not exposed to any significant interest rate risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

22. Financial instruments (continued)

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

23. Fair value

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Cryptocurrency
The fair value measurement of all cryptocurrency assets at the end of the period is £48,213,366 while cryptocurrency liability amounted to £44,127,996. The measurements are based upon market values of cryptocurrency. Cryptocurrencies are deemed to be level 1 within the fair value hierarchy, as there is an active market for trade. There are no movements between level 1 and 2 within the fair value hierarchy. The fair value of level 1 assets at period end date amounted to £27,213,366.

WXT
This note explains the judgements and estimate made in the determining the fair values of the non-financial assets that are recognised and measured at fair value as level 3 in the in financial statements.

	Level 3
At 30 June 2020	**£**
Cryptocurrency – WXT	21,000,000

	2020
	£
Balance as at 1 July 2019	13,757,967
Gain on WXT	9,262,326
Disposals	(6,962,982)
Gains recognised in profit or loss	4,942,689
Balance as at 30 June 2020	21,000,000

There were no transfers between levels 2 and 3 for recurring fair value measurements during the year.

Valuation techniques used to determine level 3 fair values
At the end of each reporting period, the Directors update their assessment of the fair value of WXT, taking into account the sales and volumes during the period. In June 2019 Wirex issued its token, WXT.

The best evidence of fair value is current prices and volumes traded. Where such information is not available the Directors consider information from a variety of sources including:

- The average price in the active market for WXT
- The presale demand for the token

Valuation inputs and relationships to fair value
The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

23. Fair value (continued)

Description	Fair Value 30 June 2020	Unobservable input	Range of inputs 2020	Relationship of unobservable inputs to fair value
WXT	£21,000,000	Discount to WXT price	24%*	The greater the discount to the WXT price, the lower the fair value

Valuation processes
The main level 3 inputs used by the Group are derived and evaluated as follows:
- WXT – price and quantity are estimated by management based on comparable transaction and industry data.

*24% has been calculated by taking the fair value of the token ($0.01) as a percentage of the average market value of a token during the financial period ($0.012376).

24. Related party transactions

Key management personnel
The aggregate remuneration of key management personnel during the period was £300,000 (2019: £504,087).

InterCompany transactions

The below table depicts amount of the transactions, which were expenses incurred on behalf of the subsidiary undertakings, and outstanding balances receivable from these undertakings:

	Transactions (£)	Outstanding balance (£)
Wirex Japan Ltd.	-	43,633
Wirex Pte Ltd.	1,643,051	2,104,437
Wirex USA Inc.	798,044	1,385,033
Wirex Canada	299,175	538,579
Wirex Limited	-	-

In the prior period, the addition to the above table, there was a transfer of 10 billion WXT from Wirex Gibraltar Ltd to Wirex Ltd, for a consideration of £100k.

25. Events after the reporting period

Wirex is currently permitted to carry out cryptoasset activities in the UK under the FCA's Temporary Registration Regime. The group is reliant on obtaining full registration to carry out cryptoasset activities after 31 March 2022 (unless this deadline is moved back again). Wirex are in discussions with the FCA to obtain approval and, in the option of the directors, the group is taking all of the necessary steps for Wirex to be approved for full registration.

26. Share-based payment

The establishment of the Employee Option Plan was approved by shareholders on the 16th April 2020. The Employee Option Plan is designed to provide long-term incentives for senior managers and above (including executive Directors) to deliver long-term shareholder returns. Under the plan, participants are granted options over a 4-year period. The shares vest 25% during the first year of service and continue until fully vested. Total shares issued over the vesting period amounted to 374,000 at £0.001 per share. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The Company recorded a share-based payment expense of £755,281 during the year end 30 June 2020.

Once vested, the options remain exercisable for a period of 4 years. Options are granted under the plan for no consideration and carry no dividend or voting rights. The options outstanding at the yearend have an exercise price of £0.001 and a

26. Share-based payment (continued)

The fair value of the shares vested during the period is £755,281, this has been derived by management estimates. The number of shares issued in the year were 374,000.

Measurement inputs and assumptions are as follows for share options granted in the current and comparative financial year:

	Weighted average exercise price (£) 2019	Number 2019
Outstanding at the beginning of the year	-	-
Granted during the year	1	510
Cancelled during the year	1	51
Exercised during the year	1	27
Outstanding at year end	1	432

	Weighted average exercise price (£) 2020	Number 2020
Outstanding at the beginning of the year	1	432
Cancelled during the year	1	432
Issued during the year	0.001	374,000
Exercised during the year	0.001	-
Outstanding at year end	0.001	374,000

27. Lease

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leasers, IFRIC 4 determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 evaluating the substance of Transactions involving the legal Form of Lease, IFRS 16 sets out the principles for recognising, measuring, presenting and disclosing leases and require lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of low value assets and short term-leases, with a lease term of 12 months or less. At the start date of a lease, a lessee will recognise a lease liability and a right-of-use asset. Lessee must separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group adopted IFRS 16 retrospectively to each prior year reporting period. The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months of the start date, and lease contract of for which the underlying asset is low value.

27. Lease (continued)

	2020 Consolidated	2020 Parent	2019 Consolidated
Statement of financial position			
Asset			
Right of use asset	535,247	-	1,133,466
Total assets	535,247	-	1,133,466
Liability			
Lease liabilities	544,377	-	1,133,466
Total liabilities	535,247		1,133,466
Equity	(9,129)	-	-
Accumulated losses			
Total equity	(9,129)	-	-
Total cash outflow for leases	(437,376)	-	(255,136)
Statement of profit and loss	468,000	-	-
Increase in depreciation and amortisation expense	437,383	-	-
Decrease in other operating expense	(30,617)	-	-
Increase in loss before tax			
Taxation	(30,617)	-	-
Increase in loss for the year			

A maturity analysis of lease liabilities based on undiscounted gross cash flows is reported in the table below:

Year	Undiscounted Cash Flows £	Interest £	Lease Liability £	Lease Liability C/f £
0	1,133,465			1,133,465
1	255,136	56,673	198,462	935,002
2	437,376	46,750	390,625	544,376
3	437,376	27,218	410,157	134,219
4	140,930	6,710	134,219	0.50

Short term lease and low value asset expenses amounted to £18,898 in the period

28. Exchange difference

During the period the Group reflected £3.45m of exchange rate gain in the profit or loss

29. Business combinations

On April 15 2020 the ownership structure changed to Wirex Holdings Limited, gaining 100% voting equity of Wirex Limited. The primary reason for acquisition is to create efficiencies within the structure of the group. There is no goodwill recognised as a result of this acquisition. The total consideration for the acquisition was Nil. The fair value of assets and liabilities at transfer date are deemed to be impractical as all valuations of cryptocurrency are taken on a month end basis. There would be no change to the revenue or profit had the acquisition happened at the beginning of the reporting period.

30. Contingent asset

During the year ended 30 June 2020, the group entered into a settlement agreement as a result of a dispute over use of a trademark with a competitor. At 30 June 2020, the flow of economic benefits to the group was not virtually certain, therefore no asset was recognised in the financial statements for the year ended 30 June 2020.
In March 2021, the group received £61,750 in relation to the settlement agreement.