

Registered number
SC376020

Paysend plc
Report and financial statements
31 December 2018

COMPANIES HOUSE
EDINBURGH

21 JUN 2019

FRONT DESK



Paysend plc**Registered number:****SC376020****Directors' report**

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

Dividends

The directors do not recommend the payment of a dividend (2017: £Nil)

Items Included in strategic review

The directors have chosen to set out certain items (business and financial risk, future developments) in the strategic report that are required by Schedule 7 SI 2008/410 to be in the Directors' report.

Directors

The following persons served as directors during the year:

R Millar

S Harake (resigned 28 February 2018)

D Kroos

Directors' responsibilities

The directors are responsible for preparing the strategic report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 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.

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Paysend plc

Registered number:

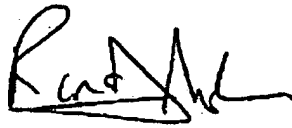
SC376020

Directors' report

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face.

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

A handwritten signature in black ink, appearing to read 'Ronald Millar', written over a horizontal line.

Ronald Millar
Director

Paysend plc Strategic report

Business review

The company has a range of payments products that it is developing and enhancing. These products are designed to alter the way that payments move between consumers and businesses, creating a faster, simpler, lower cost way of moving money around the globe compared to the current financial infrastructure.

All our products are focussed on revolutionising the global payments experience – we aim to create money for the future.

The company reported a loss for the year of £740,528 (2017: loss £542,697).

The company monitors, on a monthly basis, key performance indicators and metrics in relation to business delivery.

Review of the business

Throughout 2018 the business continued to grow with turnover up from £188,409 to £443,652. The business has continued to improve its market share in relation to existing products and reinvest in development of new product offerings for individuals world wide.

Future developments

We will launch a new e-wallet in 2019 and also intend to offer businesses payment processing later in the year.

Regulation and compliance

The directors ensure they can understand the risks related to the payments business and its operations and have identified and implemented processes to manage and mitigate those risks. There are dedicated personnel in post to understand and monitor the regulatory requirements and set strategies accordingly.

Principal risks and uncertainties

The directors set policies and manage financial risks to enable the company to achieve its long-term growth targets within a prudent risk management framework.

The main business risk is maintaining its relationship with the major card providers. Relationships with these providers are maintained on a regular basis.

The company is an authorised electronic money institution with the Financial Conduct Authority (FCA). Dedicated resources are in place to ensure continued compliance with the FCA regulatory requirements, and to understand emerging regulatory requirements.

The main risks arising from the company's financial instruments are interest rate risk, foreign currency risk, credit risk, and liquidity risk. The directors review exposure to each of these risks on a regular basis, and assess whether or not it is appropriate to adopt relevant financial instruments to mitigate the risk.

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



Ronald Millar
Director

**Independent auditor's report
to the member of Paysend plc**

Opinion

We have audited the financial statements of Paysend plc (the 'company') for the year ended 31 December 2018 which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the strategic report and the directors' 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.

**Independent auditor's report
to the member of Paysend plc**

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 year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

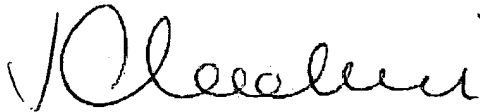
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Independent auditor's report
to the member of Paysend plc**

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.



James Chadwick
(Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
30 April 2019

Paysend plc
Statement of Income and retained earnings
for the year ended 31 December 2018

	Notes	2018 £	2017 £
Turnover	3	443,652	188,409
Cost of sales		(805,797)	(111,520)
Gross (loss)/profit		<u>(362,145)</u>	<u>76,889</u>
Administrative expenses		(378,586)	(616,243)
Other operating income		-	470
Operating loss	4	<u>(740,731)</u>	<u>(538,884)</u>
Interest receivable		2,238	39
Interest payable	7	(2,035)	(3,852)
Loss on ordinary activities before taxation		<u>(740,528)</u>	<u>(542,697)</u>
Tax on loss on ordinary activities	8	-	-
Loss for the financial year		<u>(740,528)</u>	<u>(542,697)</u>
Retained profits at 1 January		(265,158)	277,539
Dividends paid		-	-
Retained profits at 31 December		<u>(1,005,686)</u>	<u>(265,158)</u>

The accompanying notes on pages 10 to 18 are an integral part of the financial statements

Paysend plc
Statement of financial position
as at 31 December 2018

	Notes	2018 £	2017 £
Fixed assets			
Intangible assets	9	92,420	82,728
Tangible assets	10	<u>2,119</u>	<u>3,793</u>
		94,539	86,521
Current assets			
Stocks	11	4,740	.
Debtors	12	975,125	388,377
Cash at bank and in hand	13	<u>3,357,142</u>	<u>741,816</u>
		4,337,007	1,130,193
Creditors: amounts falling due within one year	14	(3,087,232)	(481,872)
Net current assets		<u>1,249,775</u>	<u>648,321</u>
Net assets		<u>1,344,314</u>	<u>734,842</u>
Capital and reserves			
Called up share capital	15	2,350,000	1,000,000
Profit and loss account		(1,005,686)	(265,158)
Total equity		<u>1,344,314</u>	<u>734,842</u>

The accompanying notes on pages 10 to 18 are an integral part of the financial statements



Ronald Millar
Director

The financial statements were approved by the board of directors and authorised for issue on 30 April 2019

Paysend plc
Statement of Cash Flows
for the year ended 31 December 2018

	2018 £	2017 £
Operating activities		
Operating loss	(740,731)	(538,884)
Adjustments for:		
Depreciation	1,674	1,231
Amortisation of intangible assets	44,663	9,791
	<u>(694,394)</u>	<u>(527,862)</u>
Increase in stocks	(4,740)	-
(Increase)/decrease in debtors	(586,748)	51,584
Increase/(decrease) in creditors	2,605,360	(53,619)
Cash used in operating activities	<u>1,319,478</u>	<u>(529,897)</u>
Financing activities		
Interest received	2,238	39
Interest paid	(2,035)	(3,366)
Interest element of finance lease payments	-	(486)
Proceeds from the issue of shares	1,350,000	600,000
Cash (used)/generated by financing activities	<u>1,350,203</u>	<u>596,187</u>
Investing activities		
Payments to acquire intangible fixed assets	(54,355)	(92,519)
Payments to acquire tangible fixed assets	-	(5,024)
Cash used in investing activities	<u>(54,355)</u>	<u>(97,543)</u>
Net cash generated/(used)	2,615,326	(31,253)
Cash and cash equivalents at 1 January	<u>741,816</u>	<u>773,069</u>
Cash and cash equivalents at 31 December	<u>3,357,142</u>	<u>741,816</u>

Paysend plc
Notes to the accounts
for the year ended 31 December 2018

1 Summary of significant accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the Companies Act 2006.

1.2 Going concern

In line with FRS 102 guidance on going concern, the directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis.

The company updates trading forecasts covering a 12 month period on a regular basis, which together with the supporting assumptions are reviewed by the Board. The current forecast shows that the company is able to operate within its banking facilities during this period and the directors believe that the assumptions underpinning this forecast are both prudent and reasonable.

The directors believe, on the basis of current financial projections and facilities available, that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover represents the invoiced value of services rendered, net of discounts and value added taxes. Turnover is earned from transaction processing services. Revenues are recognised at the time services are rendered.

1.4 Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets comprise software and software development. The assets are reviewed at each reporting date to determine whether there is any indication of impairment.

Amortisation is provided at rates calculated to write off the costs, less estimated residual value, of each asset evenly over its expected useful life (3 years).

1.5 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Computer equipment and software	over 3 years
Fixtures, fittings, tools and equipment	over 3 years

Paysend plc
Notes to the accounts
for the year ended 31 December 2018

1.6 Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out method.

The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

1.7 Cash and cash equivalents

Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

1.8 Financial Instruments

The fair values of financial assets and financial liabilities are the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Financial assets are carried on the balance sheet at amortised cost and adjusted to fair value.

1.9 Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

1.10 Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

1.11 Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Current and deferred tax assets and liabilities are not discounted.

1.12 Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Paysend plc
Notes to the accounts
for the year ended 31 December 2018

1.13 *Wallet holders' cash*

The company maintains a bank account which is segregated from operating funds and which contain funds held on behalf of customers (Wallet holders). The balance in the segregated account is maintained at a sufficient level to fully offset amounts owing to the company's customers. The e wallet service closed to new customers during the previous year.

1.14 *Segregated accounts*

The company maintains bank accounts, which are segregated from operating funds. The balances in the segregated accounts are maintained at a sufficient level to fully offset amounts owing to the company's customers and partners.

1.15 *Leased assets*

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

1.16 *Pensions*

Contributions to defined contribution plans are expensed in the period to which they relate.

2 *Critical accounting estimates and judgements*

Preparation of the financial statements requires management to make significant judgements and estimates. There are no additional judgements or estimates other than those already disclosed.

3	Analysis of turnover	2018	2017
		£	£
	Services rendered	<u>443,652</u>	<u>188,409</u>
	By geographical market:		
	UK	<u>443,652</u>	<u>188,409</u>
4	Operating loss	2018	2017
		£	£
	This is stated after charging:		
	Depreciation of owned fixed assets	1,674	1,231
	Amortisation of goodwill	44,663	9,791
	Operating lease rentals - land and buildings	-	46,025
	Auditors' remuneration for audit services	17,900	8,200
	Auditors' remuneration for tax compliance	<u>2,000</u>	<u>2,000</u>

Paysend plc
Notes to the accounts
for the year ended 31 December 2018

5	Directors' emoluments	2018	2017
		£	£
	Emoluments	20,000	17,500
	Company contributions to defined contribution pension plans	350	-
		<u>20,350</u>	<u>17,500</u>
6	Staff costs	2018	2017
		£	£
	Wages and salaries	76,904	91,494
	Social security costs	8,305	9,979
	Other pension costs	900	-
		<u>86,109</u>	<u>101,473</u>
	Average number of employees during the year	Number	Number
	Administration	<u>2</u>	<u>2</u>
7	Interest payable	2018	2017
		£	£
	Bank loans and overdrafts	7	22
	Discounting of related party amounts	2,028	3,344
	Finance charges payable under finance leases and hire purchase contracts	-	486
		<u>2,035</u>	<u>3,852</u>

Paysend plc
Notes to the accounts
for the year ended 31 December 2018

8	Taxation	2018	2017
		£	£
	Analysis of charge in period		
	Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2018	2017
	£	£
Loss on ordinary activities before tax	<u>(740,528)</u>	<u>(542,697)</u>
Standard rate of corporation tax in the UK	19.00%	19.25%
	£	£
Loss on ordinary activities multiplied by the standard rate of corporation tax	(140,700)	(104,451)
Effects of:		
Expenses not deductible for tax purposes	414	7,268
Deferred tax not recognised	140,286	97,183
Current tax charge for period	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The Finance Act 2015 maintained the main rate of corporation tax at 19% effective from 1 April 2015.

The company has an unrecognised deferred tax asset of £444,548 (2017 - £314,090) comprised of tax losses. The unrecognised deferred tax asset has been calculated at 17%, as this is the rate substantively enacted at the balance sheet date. This asset has not been recognised as there is insufficient evidence that it will be reversed in the foreseeable future.

Paysend plc
Notes to the accounts
for the year ended 31 December 2018

9	Intangible fixed assets		£
	Software:		
	Cost		
	At 1 January 2018		92,519
	Additions		54,355
	At 31 December 2018		<u>146,874</u>
	Amortisation		
	At 1 January 2018		9,791
	Provided during the year		44,663
	At 31 December 2018		<u>54,454</u>
	Carrying amount		
	At 31 December 2018		<u>92,420</u>
	At 31 December 2017		<u>82,728</u>
10	Tangible fixed assets		
		Computer equipment	
		<i>At cost</i>	
		£	
	Cost or valuation		
	At 1 January 2018		5,024
	At 31 December 2018		<u>5,024</u>
	Depreciation		
	At 1 January 2018		1,231
	Charge for the year		1,674
	At 31 December 2018		<u>2,905</u>
	Carrying amount		
	At 31 December 2018		<u>2,119</u>
	At 31 December 2017		<u>3,793</u>
11	Stocks	2018	2017
		£	£
	Finished goods and goods for resale	<u>4,740</u>	<u>-</u>

Paysend plc
Notes to the accounts
for the year ended 31 December 2018

12 Debtors	2018	2017
	£	£
Amounts owed by related entities	86,326	159,499
Other debtors	681,624	96,150
Prepayments	207,175	132,728
	<u>975,125</u>	<u>388,377</u>

Prior year other debtors includes £95,453 transferred from other creditors to report them on a gross basis.

13 Cash at bank and in hand	2018	2017
	£	£
Wallet holders' cash	93,741	164,190
Segregated accounts	2,670,832	314,885
Restricted cash	306,105	225,836
Cash at bank and in hand	286,464	36,905
	<u>3,357,142</u>	<u>741,816</u>

Restricted cash is cash held on deposit with payment providers.

14 Creditors: amounts falling due within one year	2018	2017
	£	£
Trade creditors	64,932	51,897
Amounts owed to group undertakings	191,065	150,022
Other taxes and social security costs	213	-
Other creditors	2,822,526	272,953
Accruals	8,496	7,000
	<u>3,087,232</u>	<u>481,872</u>

Other debtors, in prior year, amounting to £95,453 have been transferred from other creditors to other debtors under note 12 to report on a gross basis.

Paysend plc
Notes to the accounts
for the year ended 31 December 2018

15	Share capital	Nominal value	2018 Number	2018 £	2017 £
	Allotted, called up and fully paid:				
	Ordinary shares	£1 each	2,350,000	<u>2,350,000</u>	<u>1,000,000</u>
		Nominal value	Number	Amount £	
	Shares issued during the period:				
	Ordinary shares	£1 each	1,350,000	<u>1,350,000</u>	

Paysend Group Ltd subscribed for an additional 1,350,000 shares of £1 each and owns 100% of the company.

16 Related party transactions

Ronald Millar is a director of both Paysend plc and Paywizard Group plc. Services with Paywizard Group for the year were £16,000 (2017: £71,000). Payments received from Paywizard Group were £70,910 (2017: £174,534).

Paysend Group Ltd is the parent company of Paysend plc. Funds were received from Paysend Group, and payments were made by Paysend plc on behalf of Paysend Group. The balance owed to Paysend Group Ltd at 31 December is £191,065 (2017: £150,022).

Key management personnel only includes the directors, Ronald Millar and Darla Kroos.

17 Controlling party

The company's parent undertaking is Paysend Group Limited, a company registered in Scotland. It has included the company in its group financial statements, copies of which can be obtained from Cluny Court, John Smith Business Park, Kirkcaldy, KY2 6QJ.

Paysend plc
Notes to the accounts
for the year ended 31 December 2018

18 Presentation currency

The financial statements are presented in sterling.

19 Legal form of entity and country of incorporation

Paysend plc is a limited company incorporated in Scotland.

20 Principal place of business

The address of the company's principal place of business and registered office is:

8 Golden Square
London
W1F 9HY

Paysend plc
Company Information

Directors

R Millar
S Harake (resigned 28 February 2018)
D Kroos

Auditors

Grant Thornton UK LLP
Level 8
110 Queen Street
Glasgow
G1 3BX

Bankers

Royal Bank of Scotland Group plc
36 St Andrew Square
Edinburgh
EH1 1YZ

Solicitors

BTO Solicitors LLP
48 St Vincent St
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G2 5HS

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London
W1F 9HY

Registered number

SC376020