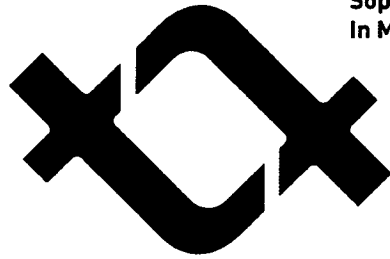


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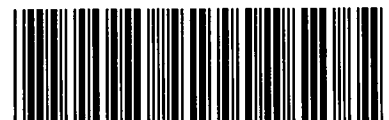
Sophisticated Simplicity
In Mobile Interaction



tyntec Group Limited
Annual Report and Financial
Statements 2018/19 (Registered number: 10136577)

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Financial statements for the year ended 31 March 2019

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Directors' report for the year ended 31 March 2019

The directors hereby present their directors' report and the audited financial statements of the Group and Company for the year ended 31 March 2019.

Principal activity

The principal activity of the Group and Company during the year was enabling businesses to interact with people across any mobile communication channels from one single access point.

As more and more businesses are required to provide seamless services and communications for their increasingly mobile customers and workforces, tyntec provides the necessary global connectivity and cloud communications APIs (Application Programming Interfaces) to make the transformation easier. Enterprises use tyntec to power their communications, applications and authentications to reach people globally, boost innovation and provide employee mobility. tyntec's products include:

Messaging:

- **SMS:** provides global reach, high quality 2-Way SMS with a carrier grade network, providing the best balance of coverage, reliability, speed, and scalability from a single provider.
- **Mobile Chat:** helps businesses engage their customers via chat apps such as Viber, Facebook and WhatsApp Messenger.

Authentication:

- **OTP SMS:** provides phone-based authentication with time-critical SMS, delivering the ideal mix of convenience, security and cost.
- **2FA API:** provides a REST API for integrating two-factor authentication right into any applications or workflow.

Voice:

Provides instant, high quality inbound and outbound voice services, enabling businesses to add voice calling in their applications and websites.

Number Information:

Provides the intelligence from phone number portability databases and live data, helping business to contact the right people at the right time.

Employees

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Directors' report for the year ended 31 March 2019 (continued)

Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are considered when decisions are made that are likely to affect their interests. All employees are aware of the financial and economic performance of their business units and of the Group as a whole. Management, Team leaders, Carrier Managers and Sales Managers are rewarded according to their personal and Group results through a quarterly bonus scheme. Communication with all employees is done through a monthly Group wide briefing where the key happenings are addressed and shared with all employees.

Financial results

The Group derives the majority of its revenues from business customers in Europe, the Americas, Asia, Africa and Oceania as well as from operator partners. The Group's revenues result mainly from transaction charges with a small portion originating from monthly-recurring and one-off charges. The Group's financial results are presented in the consolidated profit and loss account on page 10.

The operating result shows a loss for the year of 10,487,276 EUR (2018: loss for the year of 6,122,904 EUR).

The cash position of the Group is 4,211,713 EUR (2018: 684,323 EUR).

Future developments

The directors look forward to growing and improving the business in the future pending the resolution of the litigation case particularly focusing on increasing margins as well as revenue streams.

Going concern

The directors have assessed the Group and the Company and believe the going concern basis of accounting is appropriate based on the detailed assessment provided in note 3 to these financial statements.

Post balance sheet events

See note 23 to these financial statements.

Dividends

The board of directors of the company have not proposed a dividend for the year (2018: nil EUR).

Directors

The directors during the year and up to the date of this report were:

T Trapp
N Wolfram
R G W Dennert
T P E Volk
H D Koch

Directors' report for the year ended 31 March 2019 (continued)

Statement of disclosure of information to the auditor

In the case of each person who is a director at the time the directors' report and financial statements are approved, under Section 418 of the Companies Act 2006, the following applies:

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

Secretary

The secretary of the company during the year and to the date of this report was TMF Corporate Administration Services Limited.

Independent auditor

The auditor, PricewaterhouseCoopers LLC, has indicated its willingness to continue in office, and a resolution for re-appointment will be proposed at the annual general meeting.

By Order of the Board

Nicola Wolfram

N Wolfram
Director
31 March 2020

Strategic report for the year ended 31 March 2019

The directors present their strategic report on the Group for the year ended 31 March 2019.

Review of the business performance of the group

The business performance of the Group during the financial year ended 31 March 2019 was characterised by a further considerable increase in turnover, unfortunately cost of sales continued to increase at a higher rate, causing a continuing stagnation of the margins. Further to this, the administrative expenses have increased considerably, mainly due to ongoing legal and consulting costs related to a litigation case against Syniverse Technologies LLC in the USA. Unable to make up for the increase of the administrative expenses the Group has continued to make a loss during the year ended 31 March 2019.

Principal risks and uncertainties

Financial risk management objectives

The Group is exposed to a range of financial risks through the existing customer portfolio, the development of the business and overall market as well as foreign currency exposure. In particular, the key financial risk is the dependency on a small number of key customers contributing to a substantial portion of the revenue of the Group. The Group manages this risk by further growing the revenue of existing customers with new solutions and products as well as the acquisition of new customers.

a) Business and market risk

By nature, the mobile short messaging, number information service and voice markets are dominated by a downward spiral in selling prices. Companies doing this type of telecommunication business are counter working against this market trend by the aggregation of volumes through the acquisition of smaller existing telecommunication businesses. There is currently an extensive consolidation in the market happening. The Company is working towards mitigating this risk by approaching small and middle enterprises which are not as price sensitive as the broader mass but are more interested in obtaining a solution for their specific business cases. Furthermore, the Company is as well consolidating the number of messages delivered via key partners so as to achieve more competitive prices via higher volumes. Further to this, subsequent to the year end, the Company managed to acquire an exclusive access for one international mobile network for A2P traffic. This exclusivity lasted several months, but the parties could not agree on a long-term relationship. The company is engaging with other international mobile networks to acquire exclusive A2P access.

b) Currency risk

Foreign exchange arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The most significant currency to which the Group is exposed is the US Dollar. The Group seeks to mitigate the risk by matching the US Dollar denominated liabilities with assets denominated in the same currency. Due to the short payment terms on payables and receivables the foreign currency exposure is mainly limited to a 30-day period. The main problem and risk arises from the calculation of selling prices which in specific cases contractually cannot be changed for a period of 30 days or more.

Strategic report for the year ended 31 March 2019 (continued)

c) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk area where the Group is exposed to is the dependence on the small portion of customers contributing to the liquidity of the Group.

A close monitoring of the payment behaviour of key customers is performed on a regular basis so as to identify any delays or changes in their behaviour over a timely basis.

By Order of the Board

Nicola Wolfram

N Wolfram
Director
31 March 2020

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland", and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period.

In preparing the 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 United Kingdom Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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

By Order of the Board

Nicola Wolfram

N Wolfram
Director
31 March 2020

Independent auditor's report to the members of tyntec Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, tyntec Group Limited's group financial statements and parent company financial statements (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 31 March 2019 and of the group's and the parent company's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and parent company balance sheets as at 31 March 2019; the consolidated and parent company profit and loss accounts, the consolidated cash flow statement, and the consolidated and parent company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern - Group

In forming our opinion on the group financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the group's ability to continue as a going concern. The group incurred a net loss of 10,487,276 EUR during the year ended 31 March 2019 and, at that date, the group's current liabilities exceeded its current assets by 6,520,555 EUR primarily due to falling trading margins as well as costs associated with an ongoing legal case in the United States of America, which has not yet been heard and therefore the outcome and future impacts on the group are not known at this time. Increased margins or cost reductions are considered necessary in order for the group to continue operations for the next 12 months. These conditions, along with the other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The group financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

Material uncertainty related to going concern - Parent company

In forming our opinion on the parent company financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the parent company's ability to continue as a going concern. The parent company incurred a net loss of 9,108,918 EUR during the year ended 31 March 2019 and, at that date, the parent company's current liabilities exceeded its current assets by 10,046,558 EUR primarily due to costs associated with an ongoing legal case in the United States of America as referred to in the previous section above. Increased margins or cost reductions at a group level are considered necessary in order for the parent company to continue operations for the next 12 months. These conditions, along with the other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the parent company's ability to continue as a going concern. The parent company financial statements do not include the adjustments that would result if the parent company was unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nicola Shepstone (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLC
Chartered Accountants and Statutory Auditor
Douglas, Isle of Man
31 March 2020

Consolidated profit and loss account for the year ended 31 March 2019

	Note	2019 EUR	2018 EUR
Turnover	5	57,754,529	43,358,379
Cost of sales		(46,403,572)	(31,976,711)
Gross profit		11,350,957	11,381,668
Other operating income		88,759	224,775
Administrative expenses	6	(21,157,151)	(16,296,283)
Operating loss		(9,717,435)	(4,689,840)
Net financial expense	7	(599,024)	(820,332)
Foreign exchange gain / (loss)		76,635	(431,651)
Loss on ordinary activities before taxation		(10,239,824)	(5,941,823)
Taxation	8	(247,452)	(181,081)
Loss for the financial year		(10,487,276)	(6,122,904)
Total comprehensive expense for the financial year		(10,487,276)	(6,122,904)

All activities relate to continuing operations.

The notes on pages 17 to 39 form part of these financial statements.

Parent company profit and loss account for the year ended 31 March 2019

	Note	2019 EUR	2018 EUR
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Other operating income		-	34,891
Administrative expenses	6	(7,999,646)	(3,359,621)
Operating loss		(7,999,646)	(3,324,730)
Net financial expense	7	(702,806)	(820,457)
Foreign exchange loss		(406,466)	(31,773)
Loss on ordinary activities before taxation		(9,108,918)	(4,176,960)
Taxation	8	-	-
Loss for the financial year		(9,108,918)	(4,176,960)
Total comprehensive expense for the financial year		(9,108,918)	(4,176,960)

All activities relate to continuing operations.

The notes on pages 17 to 39 form part of these financial statements.

Consolidated balance sheet as at 31 March 2019

	Note	2019 EUR	2018 EUR
Fixed assets			
Intangible assets	9	4,363,684	5,950,481
Tangible assets	10	243,656	351,440
		4,607,340	6,301,921
Current assets			
Debtors	12	6,294,367	6,859,093
Deferred taxation	13	26,740	26,740
Cash at bank and in hand		4,211,713	684,323
		10,532,820	7,570,156
Total assets		15,140,160	13,872,077
Equity			
Ordinary share capital	16	3,016	3,016
Preference share capital	16	950	334
Share premium reserve		20,973,302	14,326,257
Profit and loss deficit		(24,981,059)	(14,493,783)
Total equity		(4,003,791)	(164,176)
Liabilities			
Non-current liabilities			
Loans	22	2,090,576	3,540,272
Total non-current liabilities		2,090,576	3,540,272
Current liabilities			
Current loans	22	2,403,159	2,031,432
Trade creditors		9,584,044	4,127,785
Corporation tax creditor	14	574	24,915
Accrued expenses		2,054,032	4,023,770
Payments received on account		108,970	115,458
VAT payables		-	21,624
Other creditors	15	2,902,596	150,997
Total current liabilities		17,053,375	10,495,981
Total equity and liabilities		15,140,160	13,872,077

The financial statements on pages 10 to 39 were approved and authorised for issue by the board of directors on 31 March 2020 and were signed on its behalf by:

Nicola Wolfram

N Wolfram
Director

Registered number: 10136577

Parent company balance sheet as at 31 March 2019

	Note	2019 EUR	2018 EUR
Fixed assets			
Intangible assets	9	999,453	1,362,892
Investments in subsidiary undertakings	11	11,090,125	11,090,125
		12,089,578	12,453,017
Current assets			
Debtors	12	72,807	12,871
Cash at bank and in hand		159,419	1,076
		232,226	13,947
Total assets		12,321,804	12,466,964
Equity			
Ordinary share capital	16	3,016	3,016
Preference share capital	16	950	334
Share premium reserve		20,973,302	14,326,257
Profit and loss deficit		(21,024,824)	(11,915,906)
Total equity		(47,556)	2,413,701
Liabilities			
Non-current liabilities			
Loans	22	2,090,576	3,540,272
Total non-current liabilities		2,090,576	3,540,272
Current liabilities			
Current loans	22	2,403,159	2,031,432
Trade creditors		1,901,710	672,360
Amounts due to group undertakings		3,136,822	2,947,303
Accrued expenses		165,201	861,896
Other creditors	15	2,671,892	-
Total current liabilities		10,278,784	6,512,991
Total equity and liabilities		12,321,804	12,466,964

The financial statements on pages 10 to 39 were approved and authorised for issue by the board of directors on 31 March 2020 and were signed on its behalf by:

Nicola Wolfram

N Wolfram

Director

Registered number: 10136577

Consolidated statement of changes in equity

Group

	Ordinary share capital EUR	Preference share capital EUR	Share premium reserve EUR	Profit and loss deficit EUR	Total EUR
At 1 April 2017	2,978	-	8,698,515	(8,370,879)	330,614
Shares issued	38	334	5,627,742	-	5,628,114
Loss for the year	-	-	-	(6,122,904)	(6,122,904)
At 31 March 2018	3,016	334	14,326,257	(14,493,783)	(164,176)
At 1 April 2018	3,016	334	14,326,257	(14,493,783)	(164,176)
Shares issued	-	616	6,647,045	-	6,647,661
Loss for the year	-	-	-	(10,487,276)	(10,487,276)
At 31 March 2019	3,016	950	20,973,302	(24,981,059)	(4,003,791)

Parent company statement of changes in equity

Company

	Ordinary share capital EUR	Preference share capital EUR	Share premium reserve EUR	Profit and loss deficit EUR	Total EUR
At 1 April 2017	2,978	-	8,698,515	(7,738,946)	962,547
Shares issued	38	334	5,627,742	-	5,628,114
Loss for the year	-	-	-	(4,176,960)	(4,176,960)
At 31 March 2018	3,016	334	14,326,257	(11,915,906)	2,413,701
At 1 April 2018	3,016	334	14,326,257	(11,915,906)	2,413,701
Shares issued	-	616	6,647,045	-	6,647,661
Loss for the year	-	-	-	(9,108,918)	(9,108,918)
At 31 March 2019	3,016	950	20,973,302	(21,024,824)	(47,556)

Consolidated cash flow statement for the year ended 31 March 2019

	2019 EUR	2018 EUR
Loss for the year	(10,487,276)	(6,122,904)
Taxation for the year	247,452	181,081
Foreign exchange (gain)/loss	(76,635)	431,651
Net financial expense	599,024	820,332
Discounting of loan	(13,634)	0
Depreciation and amortisation charges	1,735,910	1,741,926
Decrease/(increase) in debtors (net of provisions)	599,151	(1,774,551)
Increase in creditors	6,194,079	3,725,937
Loss on disposal of fixed assets	54	855
Deferred taxes	-	(3,680)
Net cash used in operating activities	(1,201,875)	(999,353)
Taxation paid	(306,218)	(366,932)
Cash flow from investing activities		
Purchases of tangible assets	(41,383)	(47,027)
Net cash used in investing activities	(41,383)	(47,027)
Cash flow from financing activities		
Proceeds from issue of ordinary and preference shares	6,647,661	2,250,000
Repayment of loans	(985,405)	(850,182)
Interest paid	(585,390)	(820,332)
Net cash from financing activities	5,076,866	579,486
Net increase / (decrease) in cash and cash equivalents	3,527,390	(833,826)
Cash and cash equivalents at the beginning of the year	684,323	1,518,149
Cash and cash equivalents at the end of the year	4,211,713	684,323
Presented as:		
Cash at bank and in hand	4,211,713	684,323

The company is a qualifying entity for the purposes of FRS102 and has taken advantage of the exemption under FRS102, para 1.12 (b) not to present the company cash flow statement, as the consolidated cash flow statement includes the company's cash flows.

Notes to the financial statements for the year ended 31 March 2019

1 General information

tyntec Group Limited (the 'Company') and its subsidiaries (together the 'Group') enable businesses to power their communication services with the ubiquitous connectivity and convenience of mobile services such as SMS, voice and phone numbers. The Group has a broad base of customers in Europe, the Americas, Asia, Africa and Oceania.

The company is a private company, incorporated and domiciled in the United Kingdom, limited by shares. The address of its registered office is 8th Floor, 20 Farringdon Street, London, EC4A 4AB.

2 Statement of compliance

The Group and individual financial statements of tyntec Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS102) and the Companies Act 2006.

3 Principal accounting policies

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

Basis of preparation

These consolidated and separate financial statements have been prepared on a going concern basis in accordance with applicable United Kingdom Accounting Standards and under the historical cost convention.

The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company 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 4.

Notes to the financial statements for the year ended 31 March 2019 (continued)

3 Principal accounting policies (continued)

Going concern

The Group incurred a net loss for the year of 10,487,276 EUR (Parent Company, net loss of 9,108,918 EUR), had a net cash outflow from operations of EUR 1,201,875 and was in a net current liability position of 6,520,555 EUR (Parent Company, net liability position of 10,046,558 EUR) at the end of the year.

The main reason for the significant decline in the Group and Parent Company's position is a combination of falling trading margins on the existing business as well as the ongoing Anti-Trust lawsuit filed by a subsidiary company with the Tampa courts which was opened in March 2017 against a competitor, Syniverse Technologies LLC in the United States of America, at a considerable cost to the Group and Parent Company. Without the costs associated with this lawsuit, the Group and Parent Company would have incurred a significantly reduced loss.

During the year approximately 6.6 million EUR has been received from the parent company's shareholders and a further amount has been received in the form of litigation funding of approximately US\$3 million. These injections enabled the Group to meet its day-to-day working capital requirements as well as fund the ongoing legal costs of the lawsuit as noted above. During March 2020, the Group has further agreed an additional 506,000 EUR capital injection by way of loan notes from its shareholders as well as a deferral of repayments to Harbert of approximately 500,000 EUR to match the additional capital.

Group's forecasts and projections over the next 12 to 18 months, considering the injections detailed above and possible changes in trading performance such as increasing margins, has shown that the Group is expected to return to a positive EBITDA position going forward and maintain a positive cash position, mainly driven by the introduction of significant new customers as well as taking steps to reduce the cost of doing business after the fiscal year to enable the Group to be able to operate within the level of its current facilities, regardless of the outcome of the lawsuit. The positive projections are primarily based on increases to the overall trading margin and improved working capital and could, depending on the outcome of trading performance vary significantly. In this instance, management can implement other measures with respect to better management and curtailment of other costs in order to remain cash positive, however the combination of uncertainties is significant.

It should be noted that up to the date of signing these financial statements, the lawsuit has yet to be heard and the outcome continues to remain unknown. Further litigation funding is available depending on the next stages the lawsuit will take and its outcomes. The Group is confident that even in the case that Syniverse Technologies LLC were to prevail in the lawsuit, no liabilities against the Group would arise.

Based on all the above, and after making enquiries, the directors have a reasonable expectation that the Group and Company has adequate resources based on the facilities available and the forecasts and projections made to be able to continue in operational existence for the foreseeable future, albeit there are uncertainties, and therefore the Group and Company continues to adopt the going concern basis in preparing its financial statements.

Notes to the financial statements for the year ended 31 March 2019 (continued)

3 Principal accounting policies (continued)

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31 March. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of during the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

The subsidiary undertakings financial periods are co-terminus with that of tyntec Group Limited and apply the Group's accounting policies. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Any subsidiaries sold or acquired during the year are included up to, or from, the date of change of control. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Foreign currency

i) Functional and presentation currency

The Group and company's functional and presentation currency is the Euro. The directors give priority to the currency most affecting sales and operating costs before considering the currency most relevant to the entity.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of discounts and rebates allowed by the Group and value added tax and represents the invoiced value of services supplied. Mobile data and messaging services are recognised in the profit and loss account when processed over the networks. Revenue is recognised on a gross basis, representing the value of the billing to the customer in the accounting period in which the services are rendered, with any related cost being charged to cost of sales.

Software development income is recognised when receivable under the respective contracts. Amounts received in advance before completion of the contract are deferred and recognised as revenues when contract terms are met.

Notes to the financial statements for the year ended 31 March 2019 (continued)

3 Principal accounting policies (continued)

Employee benefits

The Group provides a range of benefits to employees, including bonus arrangements, paid holiday arrangements and a defined contribution pension plan.

i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Bonus plan

The Group operates a quarterly bonus plan for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

iii) Defined contribution pension plan

The Group operates a defined contribution pension plan for its employees. Pension costs are charged to the profit and loss account as they fall due. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Interest

Interest income and expense are accounted for using the effective interest rate method.

Expenses

Overhead expenses are accounted for in the profit and loss account in the period in which they relate.

Research and development

Research and development expenditure is charged to the profit and loss account in the period in which it is incurred.

Operating leases

Leases that do not transfer all risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Dividends

Dividends are recognised as a liability in the financial statements in the period which they are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Notes to the financial statements for the year ended 31 March 2019 (continued)

3 Principal accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account.

Current or deferred taxation assets or liabilities are not discounted. Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the period end.

Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when 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 tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Investments in subsidiary undertakings

The investment in the subsidiary undertakings are held at cost less accumulated impairment losses.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment. Depreciation is provided on a straight-line basis from the day the assets are brought into use over their estimated useful lives, taking into consideration any substantial residual values and are charged to the profit and loss account. The estimated useful lives assigned are:

Leasehold improvements	shorter of term of lease agreement or 10 years
Plant and machinery	3 to 10 years
Fixtures and fittings	2 to 5 years
Furniture	7 to 13 years
Computer equipment	3 years

Depreciation is recognised in 'Administrative expenses' in the profit and loss account. Low value assets under 800 EUR are expensed in the year of purchase. Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account. The residual values and estimated useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. Repairs and maintenance costs are expensed as incurred.

Notes to the financial statements for the year ended 31 March 2019 (continued)

3 Principal accounting policies (continued)

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previous recognised revaluation. Thereafter any excess is recognised in profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on a straight-line basis from the day the assets are brought into use over their estimated useful lives, taking into consideration any substantial residual values and are charged to the profit and loss account. The estimated useful lives assigned are:

Software and licenses	3 to 5 years
Customer contracts	5 years

Amortisation is recognised in 'Administrative expenses' in the profit and loss account. Low value assets under 800 EUR are expensed in the year of purchase. Intangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account. The residual values and estimated useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

Notes to the financial statements for the year ended 31 March 2019 (continued)

3 Principal accounting policies (continued)

Intangible assets (continued)

Customer contracts recognised represented the excess of the fair value and directly attributable costs of the purchase consideration from a previous acquisition, and the fair values of the Group's interest in the identifiable assets, liabilities and contingent liabilities acquired.

Customer contracts are amortised over their expected useful life which has been determined to be 5 years. The Directors consider that the majority of the premium paid on acquiring a business that is engaged in the provision of telecommunications services relates to the annuity income that will be derived from the contracts that are obtained by the acquired entity. The Directors estimate that the average life of structures in the industry is around 5 years and this has been applied as the estimated useful economic life of customer contracts.

Customer contracts are assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Notes to the financial statements for the year ended 31 March 2019 (continued)

3 Principal accounting policies (continued)

Financial instruments

The Group has chosen to adopt Section 11 and 12 of FRS102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii) Financial liabilities

Basic financial liabilities, including trade and other payables, accrued expenses, loans and other creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements for the year ended 31 March 2019 (continued)

3 Principal accounting policies (continued)

Financial instruments (continued)

ii) Financial liabilities (continued)

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expired.

iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

Share capital

Ordinary and preference shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary and preference shares are shown in equity as a deduction, net of tax, from the proceeds.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors and associated impairment provision.

Impairment of intangibles

Annually, the Group considers whether intangibles/customer contracts are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Notes to the financial statements for the year ended 31 March 2019 (continued)

5 Segmental reporting

The Group derives its revenues from business customers from the following regions:

Group	2019 EUR	2018 EUR
Europe	13,186,142	13,586,404
The Americas	43,507,592	28,323,369
Africa	418,850	480,270
Asia	635,934	958,072
Oceania	6,011	10,264
	57,754,529	43,358,379

All revenue is derived from sale of services.

6 Administrative expenses

Administrative expenses are stated after charging/(crediting):

Group	2019 EUR	2018 EUR
Depreciation of freehold fixed assets	149,113	154,198
Amortisation of intangible assets	1,586,797	1,587,728
Rentals under operating lease	399,979	266,623
Impairment of trade receivables	33,921	96,459
Directors' fees	690,052	540,576
Auditor's remuneration for audit services	100,909	141,159
Taxation advisory fees	18,236	11,484
Legal fees in relation to Syniverse case	7,606,195	2,944,659
Other legal and consulting fees and staff development	675,653	574,326
Marketing expenses	784,107	469,251

Notes to the financial statements for the year ended 31 March 2019 (continued)

6 Administrative expenses (continued)

Company	2019 EUR	2018 EUR
Amortisation of intangible assets	363,439	363,439
Legal fees in relation to Syniverse case	7,606,195	2,944,659
Other legal and consulting fees and staff development	9,574	26,373
Marketing expenses	2,324	3,196
Auditor's remuneration for audit services	8,435	12,410
Taxation advisory fees	6,430	3,177

7 Net financial expense

Net financial expense consists of:

Group	2019 EUR	2018 EUR
Bank interest income	34	35
Other interest and similar revenue	311	-
Vendor discount	152	90
Total finance income	497	125
Bank interest expense	(756)	(107)
Interest expense on loans	(598,765)	(820,350)
Total finance expense	(599,521)	(820,457)
Net financial expense	(599,024)	(820,332)

Company	2019 EUR	2018 EUR
Bank interest expense	(705)	(107)
Interest expense on loans	(598,765)	(820,350)
Other interest and similar expenses with affiliated companies	(103,336)	-
Total finance expense	(702,806)	(820,457)

Notes to the financial statements for the year ended 31 March 2019 (continued)

8 Taxation

tyntec Group Limited and tyntec Limited have their place of business in the UK and are subject to UK corporation tax at 19% (2018: 19%) on their taxable profits. tyntec GmbH is resident in Germany and is subject to German corporation tax at 15% (2018: 15%) on its taxable profits. tyntec Limited PTE is incorporated in Singapore and is subject to Singapore corporation tax at 17% (2018: 17%) on its taxable profits. tyntec Inc. is incorporated in the United States and is subject to United States corporation tax at progressive rates up to 35% (2018: 35%) on its taxable profits.

(a) Tax expense included in profit and loss

Group	2019 EUR	2018 EUR
Current Tax		
United Kingdom		
Corporation Tax at 19%	-	-
Germany		
Corporation Tax at 15%	(178,710)	(175,882)
USA		
Corporation Tax at 35%	(68,201)	(7,243)
Singapore		
Corporation Tax at 17%	(541)	(1,636)
Total current tax charge for the year (note 8b)	(247,452)	(184,761)
Deferred Tax		
Deferred taxation (note 13)	-	3,680
Tax charge for the year	(247,452)	(181,081)

Company	2019 EUR	2018 EUR
Current Tax		
United Kingdom		
Corporation Tax at 19%	-	-
Total current tax charge for the year (note 8b)	-	-

Notes to the financial statements for the year ended 31 March 2019 (continued)

8 Taxation (continued)

(b) Reconciliation of tax charge

The parent company and the direct subsidiary are located in the United Kingdom and therefore, this is considered to represent the most relevant standard rate for the Group. The tax assessed for the year is higher for both the group and company (2018: tax assessed for the year is higher) than the standard rate of corporation tax in the United Kingdom. The differences are explained below:

Group	2019	2018
	EUR	EUR
Loss on ordinary activities before taxation	(10,239,824)	(5,941,823)
Taxation thereon at 19%	1,945,566	1,128,946
Adjustment in respect of foreign tax	(247,452)	(184,761)
Unutilised losses	(1,945,566)	(1,128,946)
Current tax charge for the year (note 8a)	(247,452)	(184,761)

Company	2019	2018
	EUR	EUR
Loss on ordinary activities before taxation	(9,108,918)	(4,176,960)
Loss multiplied by the standard rate of tax in the UK @ 19%	1,730,694	793,622
Unutilised losses	(1,730,694)	(793,622)
Current tax charge for the year (note 8a)	-	-

(c) Factors that may affect future tax charges

The tax rate for the current year is the same as the prior year. Changes to the UK corporation tax rates were substantially enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the year ended 31 March 2019 (continued)

9 Intangible assets

Group	Customer contracts EUR
At 31 March 2018	
Cost	7,935,470
Accumulated amortisation and impairment	(1,984,989)
Net book amount	5,950,481
Year ended 31 March 2019	
Opening net book amount	5,950,481
Amortisation	(1,586,797)
Closing net book amount	4,363,684
At 31 March 2019	
Cost	7,935,470
Accumulated amortisation and impairment	(3,571,786)
Net book amount	4,363,684

The intangibles represent customer contracts including the United States ICV Agreement to allow potential access to the US market and future revenues derived from this. Currently the Group has filed an antitrust lawsuit in the United States courts against Syniverse Technologies LLC, for the cancellation of the ICV peering agreement, and a court date is due in the summer of 2020. The case is ongoing, and no certain outcome is yet known.

Notes to the financial statements for the year ended 31 March 2019 (continued)

9 Intangible assets (continued)

Company	Customer contracts EUR
At 31 March 2018	
Cost	1,817,191
Accumulated amortisation and impairment	(454,299)
Net book amount	1,362,892
Year ended 31 March 2019	
Opening net book amount	1,362,892
Amortisation	(363,439)
Closing net book amount	999,453
At 31 March 2019	
Cost	1,817,191
Accumulated amortisation and impairment	(817,738)
Net book amount	999,453

10 Tangible assets

Company	Leasehold improvements EUR	Plant & Equipment EUR	TOTAL EUR
At 31 March 2018			
Cost	44,017	507,461	551,478
Accumulated amortisation and impairment	(17,347)	(182,691)	(200,038)
Net book amount	26,670	324,770	351,440
Year ended 31 March 2019			
Opening net book amount	26,670	324,770	351,440
Additions	-	41,383	41,383
Depreciation	(10,654)	(138,459)	(149,113)
Disposals	-	(54)	(54)
Closing net book amount	16,016	227,640	243,656
At 31 March 2019			
Cost	44,017	548,790	592,807
Accumulated amortisation and impairment	(28,001)	(321,150)	(349,151)
Net book amount	16,016	227,640	243,656

Notes to the financial statements for the year ended 31 March 2019 (continued)

10 Tangible assets (continued)

No tangible assets were held by the parent company during the year ended 31 March 2019 (31 March 2018: none).

11 Investments in subsidiary undertakings

Company	2019 EUR	2018 EUR
Cost		
At 1 April	11,090,125	11,090,125
Additions	-	-
At 31 March	11,090,125	11,090,125

The subsidiary undertakings are detailed below, all of which are included in the consolidated Group financial statements.

Name	Country of incorporation and registered office	Nature of business	Portion of ordinary shares held
tyntec Limited	8 th Floor, 20 Farringdon St. London, EC4A 4AB United Kingdom	Business support & technical services	100%
tyntec GmbH	Hofmannstr. 25-27 81379 Munich Germany	Business support & technical services, development	100%
tyntec PTE Ltd	38 Beach Rd, #2-11, South Beach Tower, 189767 Singapore	Business support & technical services	100%
tyntec Inc.	160 Greentree Dr. Suite 101 Dover, DE 19904 USA	Telecommunication services supplier	100%

The shares held in tyntec Limited, tyntec PTE Ltd and tyntec Inc are held directly by the Company. The shares of tyntec GmbH are held by tyntec Limited.

Notes to the financial statements for the year ended 31 March 2019 (continued)

12 Debtors

Group	2019	2018
	EUR	EUR
Trade debtors	5,579,200	6,201,928
VAT receivable	84,936	67,303
Other debtors	307,821	266,178
Tax receivable	147,670	113,245
Rent deposits	-	23,934
Prepayments	174,740	186,505
	6,294,367	6,859,093

Company	2019	2018
	EUR	EUR
VAT receivable	5,933	572
Other debtors	58,125	12,299
Prepayments	8,749	-
	72,807	12,871

Impairment provisions

Impairment provisions have been set off against trade debtors as detailed below:

Group	2019	2018
	EUR	EUR
At 1 April	87,572	152,927
Recovery	(39,562)	(158,777)
Bad debts written off	33,914	93,422
At 31 March	81,924	87,572

Company

The Company has no trade debtors and associated provision for bad debts (2018: nil EUR).

Notes to the financial statements for the year ended 31 March 2019 (continued)

13 Deferred taxation

Group	2019 EUR	2018 EUR
Deferred tax on timing differences		
As at 1 April	26,740	23,060
Origination and reversal of timing differences	-	3,680
As at 31 March	26,740	26,740

Company

The Company had no deferred tax provision as at 31 March 2019 (2018: nil EUR).

14 Corporation tax creditor

Group	2019 EUR	2018 EUR
Current tax		
Non-UK Corporation Tax	574	13,495
Other non-UK Profit Taxes	-	11,420
	574	24,915

15 Other creditors

Group	2019 EUR	2018 EUR
Payroll withholding taxes	150,099	109,871
Social security	31,677	20,715
Payables to employees and other payables	48,928	20,411
Other payables	2,671,892	-
	2,902,596	150,997

Notes to the financial statements for the year ended 31 March 2019 (continued)

15 Other creditors (continued)

Company	2019 EUR	2018 EUR
Other payables	2,671,892	-
	2,671,892	-

During the year, the Group and Company received US\$3 million in the form of litigation funding to be able to cover the ongoing litigation costs in relation to the case against Syniverse Technologies LLC. The liability has been initially recognised at fair value of 2,570,738 EUR and re-translated at 31 March 2019 to a value of 2,671,892 EUR. There has been no change to the expected outcome of the case since initial recognition. This amount will only be settled once the outcome of the case is finalised in the Group and Company's favour.

16 Share capital

Group and company	2019 EUR	2018 EUR
Issued, allotted, called up and fully paid		
3,016 (2018: 3,016) ordinary shares of EUR1 each	3,016	3,016
950 (2018: 334) preference shares of EUR1 each	950	334

During the year, 616 preference shares were issued for a cash consideration of 6,647,661 EUR (2018: 334 preference shares were issued for a cash consideration of 5,628,114 EUR). At the year end, Cipio Partners Fund VII Sicar owned 1,489 ordinary shares and 768 preference shares, Cipio Partners Co-Investment I owned 95 preference shares, Thorsten Trapp through Enigma Technology Consulting Services Ltd. owned 1,009 ordinary shares and 76 preference shares, Nicola Wolfram through Sphaera Ltd owned 480 ordinary shares and 5 preference shares and Thomas Volk owned 38 ordinary shares and 6 preference shares. Thorsten Trapp, Nicola Wolfram and Thomas Volk are directors of tyntec Group Limited. The preference shares carry no additional rights compared to the ordinary shares apart from on winding up of the Company.

Notes to the financial statements for the year ended 31 March 2019 (continued)

17 Financial commitments and contingent liabilities

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Group	2019 EUR	2018 EUR
Lease payments due		
-within 1 year	474,890	580,471
-between 2 to 5 years	734,925	1,535,904
Total lease payments	1,209,815	2,116,375

During the year, the lease for the Dallas office was agreed to be terminated on 31 March 2019 for a termination fee of US\$ 73,632.

Company

The Company has no lease commitments (2018: nil EUR).

18 Directors' emoluments

Group	2019 EUR	2018 EUR
Directors' fees	28,997	33,243
Directors' emoluments	661,055	507,333
Total emoluments	690,052	540,576

Company

There are no directors' fees or emoluments paid by the Company (2018: nil EUR).

19 Key management salaries and employee information

Group and company	2019 EUR	2018 EUR
Key Management Salaries	661,055	507,333
Total salaries	661,055	507,333

Notes to the financial statements for the year ended 31 March 2019 (continued)

19 Key management salaries and employee information (continued)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including the directors and senior management. Employee benefits include all forms of consideration paid, payable or provided by the entity, or on behalf of the entity (e.g. by its parent or by a shareholder), in exchange for services rendered to the entity.

The highest paid director has been remunerated for a total of 216,000 EUR (2018: 216,000 EUR).

Employee information

Group	2019	2018
Average number of employees (Headcounts) during the year was:		
- thereof sales	113	122
- thereof admin	21	26
	92	96

Company

The Company had no employees during 2019 and 2018.

Group	2019	2018
	EUR	EUR
Labour cost charged to the profit and loss	7,287,839	7,755,462
- thereof salaries and wages	6,091,423	6,477,862
- thereof social security	1,053,504	1,107,921
- thereof pension contributions	142,912	169,679

20 Ultimate controlling party

The ultimate controlling party of tyntec Group Limited is Cipio Partners Fund VII SICAR, who own 56.91% (2018: 50%) of the issued and paid up share capital.

Notes to the financial statements for the year ended 31 March 2019 (continued)

21 Related parties

The Group discloses transactions with related parties which are not wholly owned within the same Group, if applicable. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the consolidated financial statements. All of the related party transactions within the Group and the company have been disclosed within the consolidated and separate financial statements.

22 Loans

Group and Company	2019 EUR	2018 EUR
Harbert European Specialty	4,493,735	5,571,704
Total	4,493,735	5,571,704

The Harbert European Specialty loan bears interest as 12% per annum on the principal of 6,500,00 EUR. The original agreement defines that interest was only payable for the first nine months of the agreement and for the remaining 36 months repayment of equal instalments of 215,893 EUR were to be made, which includes capital and interest. During the year the capital repayment element of the loan has been deferred for the six months from 31 October 2018 to 31 March 2019. This has extended the repayments by 6 months and resulted in additional fees of 133,000 EUR, which have been discounted over the remaining period of the loan at an effective rate of 14%. Repayments of 985,405 EUR have been made during the year and the loan is now due for repayment in March 2021, 51 months after drawdown which occurred in December 2016. Harbert European Specialty holds 89 warrants for a total value of EUR 520.000.

The split of current and non-current as per the financial statements is as follows:

Group and Company	2019 EUR	2018 EUR
Current portion of loans	2,403,159	2,031,432
Non-current portion of loans	2,090,576	3,540,272
Total	4,493,735	5,571,704

Notes to the financial statements for the year ended 31 March 2019 (continued)

23 Post balance sheet events

Post year end, the Group obtained additional shareholder funding through a convertible loan facility of 506,000 EUR, which can be utilised if the Group requires additional cash funding. In conjunction with this facility, Harbert European Specialty have agreed a 100,000 EUR monthly repayment relief for five months starting 30 April 2020 to enable the Group to assess its future operating strategy and business model.