



PAYSEND

Paysend Group Limited

Annual report and financial statements

For the year ended 31 December 2019



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Company registered number SC562529



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**Company information:****Directors of the company:**

- Abdul Abdulkerimov – Executive Director
- Ronald Millar – Executive Director
- Michael Fazio – Non-Executive Director
- Mark Evans – Non-Executive Director

Registered Office:

Cluny Court
John Smith Business Park
Kirkcaldy
Fife
KY2 6QJ

Auditors:

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

Company bankers:

Credit Suisse (UK) Limited
Five Cabot Square
London
E14 4QR

Legal advisor:

Rooney Nimmo
8 Walker Street
Edinburgh
EH3 7LA



Directors' report:

The Directors present their report and consolidated financial statements of Paysend Group Limited (the "company") for the year ended 31 December 2019. The company holds investments in wholly owned subsidiaries as listed in note 12 to the financial statements (the "group").

Directors of the company:

The Directors who have served during the year and up to the date the financial statements were signed were;

- Abdül Abdulkerimov
- Ronald Millar
- Michael Fazio
- Mark Evans (appointed 23 Dec 2019)

Dividends:

The group reported a loss after taxation for the year of £11,047k (2018: loss of £5,127k). No dividend was paid or declared post year end for the year ended 31 December 2019 (2018: £nil).

Events since the statement of financial position date:

Information relating to events since the end of the year is given in the notes to the financial statements.

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 group 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 group 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 forecasts have been prepared and considered for the potential impact of Covid-19. See principal risks and uncertainties in strategic report and note 23 Events after the reporting date, for further details relating to Covid-19.

At the time of approving the financial statements, the Directors believe, on the basis of current financial projections and facilities available, that the group 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.

Items included in the Strategic Review:

The Directors have chosen to set out certain items in the strategic report as required by Schedule 7 SI 2008/410 to be in the Directors' report.

The company's principal risks and management thereof are discussed in the Strategic Report.



Directors' report (continued):

Political donations:

No political contributions were made in the year (2018: £nil).

Appointment and reappointment of auditors:

Grant Thornton UK LLP were appointed as auditors of the group.

Grant Thornton UK LLP are deemed to be reappointed as auditors of the group under section 487(2) of the Companies Act 2006.

Disclosure of information to auditors:

The Directors confirm that;

- So far as each Director is aware, there is no relevant audit information of which the group's auditor is unaware;
- The Directors have 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's auditor is aware of that information.

This report was approved by the Board on 20 November 2020.

Ronald Millar

Director



Statement of Directors' responsibilities

The Directors are responsible for preparing the strategic report and Directors' report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practise (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 and of the profit or loss of the group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and the 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 group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the group'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 group's auditor is aware of that information.



Strategic report

Principal activities:

The group's strategy is to become a global payments company providing services focussed on everyday financial needs. The principal activities are a consumer offering providing money transfer and e-wallet services and a SME service providing account opening, payment processing and payments.

Business review:

2019 was a year of significant growth for the group as it improved and expanded its range of products designed to enable consumers and businesses to pay, hold and send money anywhere, anyhow and in any currency.

Our vision remains focused on creating money for the future aligned to our core principles of "Instant", "Freemium" and "Borderless".

Paysend is the only global provider of a card to card money transfer service, and this has enabled us to rapidly expand our consumer base, ending the year with over 1.3 million customers representing growth of 2.5 times the number of customers at December 2018 and an average monthly growth rate during 2019 of c20%. We have also expanded our geographical presence and are now regulated in over 45 countries and able to support payments to over 90 countries.

Following the year end we have continued to see positive customer growth, with now over 2.5 million customers. Due to the group's position as a truly digital business the Covid-19 pandemic, which has disrupted travel and shopping patterns driving a switch to digital payments and transactions, has not impacted upon our growth.

This growth has been achieved while maintaining a positive customer experience with our current Trust Pilot score being 4.8/5, which is classed as excellent.

Our SME service also experienced significant growth in 2019 with turnover growing 39% year on year.

Product development:

In addition to enhancing existing consumer products, we launched our e-wallet product in the first quarter of 2020. This offers a digital wallet solution, which provides customers with the simplest way to pay, hold and send their money all over the world. Consumers have access to physical and virtual cards that are issued directly by Paysend and linked to any currency in the wallet.

Within our core Global Transfers business, we have continued to increase the number of countries we are both regulated in and are approved to send money to. Throughout 2019, we launched payout channels to India, Nepal, Sri Lanka, Phillipines, Turkey, South Korea and Kenya. In Q3 2020 we became licensed and launched in the USA and Canada and thus able to attract customers from these countries.

On our SME product side, we launched free workshops to promote the business to potential merchants and off the shelf solutions to merchants to start trading in one simple package. We also introduced new payment methods such as Apple Pay and Samsung Pay.



Strategic report (continued):

Financial review:

In 2019, revenue continued to increase significantly with a 3.5 times increase from £4.3m (2018) to £15.1m.

Gross Profit was £4.0m (2018: £2.1m) highlighting the strong progress made by the group in 2019. The gross margin percentage has decreased year on year as a result of one-off scaling costs adversely affecting key cost components.

We continued to invest in our growth by expanding our team and enhancing our marketing spend. Average number of employees in the year grew from 36 to 142. As a result our administrative expenses grew from £7.1 to £15.1 million. The operating loss before tax of £10.9m (2018: loss of £5.1m), reflected this investment and the revenue growth.

Engaging with stakeholders: section 172 statement

The success of Paysend is dependent on many factors but relationships with stakeholders are a core factor when making decisions to promote the success of the business. Our key stakeholders include:

Our customers:

Our customers are at the centre of what we do. The vision of Paysend is to deliver a suite of products to cover customers everyday payments requirements. We design our products from the initial analysis of customers needs and then to ensure we deliver customer satisfaction we monitor customer feedback through various communication channels.

Partners:

Paysend is partnered with some of the leading, most innovative and recognisable payment and banking providers globally. We have dedicated staff managing these relationships to support our customers transactions and drive value for both our business and that of our partners.

Investors:

As a young, growing company, Paysend truly values the trust and confidence of all our investors. Quite simply, we would not be here without them. Paysend provides regular updates on performance to our shareholders covering key topics including strategy, governance and financial performance.

Employees:

Our employees are our most valuable resource. We actively seek to attract, retain and develop talented and motivated people and promote a culture of diversity and inclusion. This is evidenced via the many nationalities employed globally across the Paysend group in multiple locations. With this diversity and geographical spread we foster a culture of engagement and collaboration via regular cross team meetings and group wide townhalls to communicate understanding of group activities and results and actively ask our employees for ways in which we can improve our business.

Acquisition of subsidiaries:

On 15 March 2019, the company acquired directly the remaining 12.5% of Business Element LLC (subsequently named Robokassa LLC) and 12.5% of Wilson Corporation LLC in return for shares in the company, making both wholly owned subsidiaries.



Strategic report (continued):

Regulation and compliance:

The Directors ensure they can understand the risks related to the core elements of the group's payments business and have identified and implemented processes to manage and mitigate those risks. There are dedicated personnel in place to understand and monitor the regulatory requirements and set strategies accordingly.

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

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. It seeks to reduce its operational risk by developing a wide range of partners to deliver its services.

The group operates under different licensing requirements in a number of countries where it is subject to their regulatory framework. Dedicated resources are in place to ensure continued compliance with all regulatory requirements, and to understand emerging regulatory requirements.

The main risks arising from the group'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.

Covid-19:

The company has assessed the impact of Covid-19 as part of the group. The group introduced a policy of remote working in line with UK Government guidelines in March 2020. All administration activities were able to continue as usual. The Directors have confirmed that the business continues to operate as normal. The retention of key personnel is important to the continued successful operation of the group.

As a result of the virus the Directors have conducted a detailed review of the current and future cash requirements of the group. While the impact of the pandemic remains ongoing, there had been no negative effect upon the group. As such, the outcome of the assessment undertaken indicates that the Directors believe that the company has both sufficient cash reserves and access to cash available for the company to remain operating for the foreseeable future.

Further details are included within Note 1 and Note 23 to the financial statements.

This report was approved by the Board on 20 November 2020.

Ronald Millar

Director



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

Opinion

We have audited the financial statements of Paysend Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the group statement of comprehensive income, group statement of financial position, company statement of financial position, group statement of cash of cash flows, group statement of changes in equity and 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 group's and of the parent company's affairs as at 31 December 2019 and of the group's 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 group and 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 is amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



Independent auditor's report to the members of Paysend Group Limited (continued)

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the Group's business, including effects arising from macro-economic uncertainties such as Covid-19, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report,¹ 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.

Opinions 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.



Independent auditor's report to the members of Paysend Group Limited (continued)

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



Independent auditor's report to the members of Paysend Group Limited (continued)

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.

Grant Thornton UK LLP

James Chadwick
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Level 8, 110 Queen Street
Glasgow
G1 3SX
Date: 23/11/2020



Consolidated statement of comprehensive income for the year ended 31 December 2019

	Notes	2019 £k	2018 £k
Turnover		15,136	4,275
Cost of sales		(11,136)	(2,193)
Gross profit		4,000	2,082
Administrative expenses	4	(15,099)	(7,060)
Other operating income		158	-
Operating loss		(10,941)	(4,978)
Interest receivable		18	34
Interest payable	7	(69)	(164)
Loss on ordinary activities before taxation		(10,992)	(5,109)
Tax on loss on ordinary activities	8	(55)	(18)
Loss for the period		(11,047)	(5,127)
Other comprehensive income			
Exchange Difference on translating foreign operations		127	-
Loss and total Comprehensive loss for the year		(10,920)	(5,127)
Loss attributable to:			
Owners of the parent		(17,641)	(6,718)
Non controlling interest		-	(3)
		(17,641)	(6,721)

There were no recognised gains or losses for the period ended 31 December 2019 other than those included in the consolidated statement of comprehensive income.

The accompanying notes on pages 19-31 are an integral part of the financial statements.



**Statement of financial position: group
as at 31 December 2019**

	Notes	2019 £k	2018 £k
Fixed assets			
Intangible assets	9	3,321	2,884
Goodwill	10	5,985	6,494
Tangible fixed assets	11	752	342
		<u>10,058</u>	<u>9,720</u>
Current Assets			
Stocks	13	23	20
Debtors	14	1,187	1,020
Cash and cash equivalents	15	12,111	4,709
		<u>13,321</u>	<u>5,750</u>
Creditors: amounts falling due within one year	16	(3,903)	(6,082)
Net current assets		<u>9,418</u>	<u>(332)</u>
Total assets less current liabilities		<u>19,476</u>	<u>9,388</u>
Creditors: amounts falling due over one year		-	(1)
Net assets		<u><u>19,476</u></u>	<u><u>9,387</u></u>
Capital and reserves			
Called up share capital	19	2	2
Share premium	20	37,114	16,105
Preferred share capital		-	-
Deferred shares		1	1
Profit & loss account		(20,533)	(6,718)
Merger Reserve		2,892	-
		<u>19,476</u>	<u>9,390</u>
Non-controlling interest		-	(3)
Total equity		<u><u>19,476</u></u>	<u><u>9,387</u></u>

The accompanying notes on pages 19-31 are an integral part of the financial statements.

Approved by the Board on 20 November 2020

Ronald Millar

Director



Statement of financial position: company
as at 31 December 2019

	Notes	2019 £k	2018 £k
Fixed assets			
Intangible assets	8	2,398	2,058
Investments	10	18,455	10,563
Tangible fixed assets	9	192	17
		<u>21,045</u>	<u>12,638</u>
Current Assets			
Debtors	11	2,202	472
Cash and cash equivalents	12	5,597	1,213
		<u>7,799</u>	<u>1,685</u>
Creditors: amounts falling due within one year	13	(605)	(2,584)
Net current assets		<u>7,194</u>	<u>899</u>
Total assets less current liabilities		<u>28,239</u>	<u>11,739</u>
Net assets		<u>28,239</u>	<u>11,739</u>
Capital and reserves			
Called up share capital	16	2	2
Share premium	17	37,114	16,105
Preferred share capital		0	-
Deferred shares		1	1
Profit & loss account		(11,770)	(4,369)
Merger Reserve		2,892	-
		<u>28,239</u>	<u>11,739</u>
Total equity		<u>28,239</u>	<u>11,739</u>

The company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The company's loss for the year was £7,401k (2018: £3,607k).

The accompanying notes on pages 19-31 are an integral part of the financial statements.

Approved by the Board on 20 November 2020.

Ronald Millar

Director



Consolidated statement of cash flows for the year ended 31 December 2019

	2019 £k	2018 £k		
Operating activities				
Operating loss	(10,941)	(4,978)		
<u>Adjustments for:</u>				
Unrealised foreign exchange	87	36		
Goodwill amortisation	665	-		
Depreciation	62	5		
Amortisation of intangible assets	1,406	582		
	<u>(8,721)</u>	<u>(4,355)</u>		
(Increase)/Decrease in Stocks	18	(4)		
(Increase)/Decrease in Debtors	(671)	(605)		
(Increase)/Decrease in Creditors	(247)	3,196		
Cash (used)/generated from operating activities	<u>(9,620)</u>	<u>(1,768)</u>		
Financing activities				
Interest received	18	34		
Interest paid	(7)	(5)		
Corporation tax paid	(101)	(17)		
Proceeds from the issue of shares	18,214	9,930		
Non controlling interests	-	(2)		
Proceeds from Loans	467	3,697		
Cash (used)/generated by financing activities	<u>18,591</u>	<u>13,637</u>		
Investing activities				
Payments to acquire intangible fixed assets	(1,075)	(1,618)		
Payments to acquire tangible fixed assets	(494)	(186)		
Payments to acquire goodwill	-	(6,339)		
Cash (used)/generated from investing activities	<u>(1,569)</u>	<u>(8,143)</u>		
Net cash (used)/generated				
Cash (used)/generated from operating activities	(9,620)	(1,768)		
Cash (used)/generated by financing activities	18,591	13,637		
Cash (used)/generated from investing activities	(1,569)	(8,143)		
Net cash (used)/generated	<u>7,402</u>	<u>3,725</u>		
Cash and cash equivalents at 1 January	4,709	984		
Cash and cash equivalents at 31 December	<u><u>12,111</u></u>	<u><u>4,709</u></u>		
Cash and cash equivalents comprise:				
Cash at bank	<u><u>12,111</u></u>	<u><u>4,709</u></u>		
Reconciliation of net debt				
	<u>01 Jan 19 £k</u>	<u>Cash £k</u>	<u>Other £k</u>	<u>31 Dec 19 £k</u>
Cash at bank and in hand	4,709	7,402	-	12,111
Loans	(2,464)	(467)	2,464	(467)
Net debt	<u><u>2,246</u></u>	<u><u>6,935</u></u>	<u><u>2,464</u></u>	<u><u>11,644</u></u>

The accompanying notes on pages 19-31 are an integral part of these financial statements.



Consolidated statement of changes in equity for the year ended 31 December 2019

Group

	Share capital £k	Share premium £k	Deferred shares £k	Profit & loss: Owners £k	Profit & loss: NCI £k	Merger Reserve £k	Total £k
At 1 January 2018	1	2,541	-	(1,592)	-	-	950
Net loss for the year				(5,125)	(1)		(5,126)
Acquisition of subsidiary with NCI					(2)		(2)
Transactions with owners							
Shares issued	2	13,564					13,566
Re-classification of shares	(1)		1				-
At 31 December 2018	2	16,105	1	(6,718)	(3)	-	9,387
At 1 January 2019	2	16,105	1	(6,718)	(3)	-	9,387
Net loss for the year				(11,047)			(11,047)
Total Comprehensive income				127			127
Transactions with owners							
Shares issued	-	21,009					21,009
Purchase of the remaining NCI				(2,895)	3	2,892	-
At 31 December 2019	2	37,114	1	(20,533)	-	2,892	19,476

Company

	Share capital £k	Share premium £k	Deferred shares £k	Profit & loss: Owners £k	Profit & loss: NCI £k	Merger Reserve £k	Total £k
At 1 January 2018	1	2,541	-	(762)	-	-	1,780
Net loss for the year				(3,607)	(1)		(3,608)
Acquisition of subsidiary with NCI					(2)		(2)
Transactions with owners							
Shares issued	2	13,564					13,566
Re-classification of shares	(1)		1				-
At 31 December 2018	2	16,105	1	(4,369)	(3)	-	11,736
At 1 January 2019	2	16,105	1	(4,369)	(3)	-	11,736
Net loss for the year				(7,401)			(7,401)
Transactions with owners							
Shares issued	-	21,009					21,009
Purchase of the remaining NCI					3	2,892	2,895
At 31 December 2019	2	37,114	1	(11,770)	-	2,892	28,239

The accompanying notes on pages 19-31 are an integral part of the financial statements.



Notes to the accounts

for the year ended 31 December 2019

1. Summary of significant accounting policies

Company information:

Paysend Group Limited is a private company limited by shares and incorporated on 4 April 2017 in Scotland. The group consists of Paysend Group Limited and all of its subsidiaries as listed in note 12.

Statement of compliance and 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.

The Group has adopted all amendments to FRS102 as set out in the triennial review published in December 2017 for accounting periods beginning on or after 1 January 2019.

The company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The company's loss for the year was £7,401k.

The financial statements have been prepared on the historic cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are prepared in sterling which is the functional currency of the company.

Basis of consolidation:

The consolidated financial statements incorporate the results of the company and all its subsidiary undertakings ("the group").

All intra-group transactions, balances and unrealised gains on transactions between group undertakings are eliminated on consolidation.

Turnover:

Turnover represents the invoiced value of services received or receivable, net of discounts and value added taxes. Turnover is earned from amounts charged to customers for the services provided. Turnover is recognised at the time services are rendered.

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).



Notes to the accounts

for the year ended 31 December 2019 (continued)

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:

- Software: 3 years
- Fixtures and fittings: 3 years
- IT and computer equipment: 3 years

Impairment of intangible and tangible assets

At each reporting period date, the group reviews the carrying amounts of its intangible and tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Goodwill:

Goodwill is recognised on the acquisition of subsidiary companies, to the extent that the consideration exceeds the fair value of the assets and liabilities acquired. Any Goodwill recognised will be amortised over a basis of 10 years, (2018: 20 years) which is assessed as an appropriate based on the type of business acquired and the long term intentions of the group. The change in expected life in the year is based on a revised assessment of the longevity of the goodwill acquired.

Goodwill will be assessed at least annually to check for any impairment. As of 31 Dec 2019, no impairment was identified on this balance. Negative goodwill is written off in the period of acquisition.

Investment in subsidiaries:

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the company. Investments in subsidiaries are accounted for at cost less accumulated impairment.



Notes to the accounts

for the year ended 31 December 2019 (continued)

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.

Financial instruments:

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. The company has elected to apply the provisions of section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments

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

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.

Segregated accounts

The group maintains accounts which are segregated from operating funds and which contain funds held on behalf of customers (Wallet holders) as part of the group's safeguarding policy. The balances in the segregated accounts are maintained at a sufficient level to fully offset amounts owing to the group's customers.

Debtors:

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

Financial liabilities

Financial liabilities are initially recognised at transaction price and are subsequently measured at amortised cost using the effective interest rate method. The financial liabilities classified as falling due within one year are not amortised. Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

Creditors:

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



Notes to the accounts for the year ended 31 December 2019 (continued)

Offsetting of financial instruments

The financial assets and liabilities are offset and 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 net basis or to realise the asset and settle the liability simultaneously.

Foreign currency translation

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

At each reporting date 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 the profit and loss statement.

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.

Provisions:

Provisions (i.e. liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Business combinations:

The acquisition method of accounting is used to account for business combinations by the group. The excess of the consideration transferred over the fair value of the net assets acquired is recorded as goodwill.

Leased assets:

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



Notes to the accounts

for the year ended 31 December 2019 (continued)

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 in note 1 relating to figures disclosed in notes 9, 10, 11 and 12.

3. Analysis of turnover

	2019 £k	2018 £k
Analysis of turnover		
Services rendered	15,136	4,275
By geographical market:		
UK	4,224	444
Rest of world	10,912	3,831
	15,136	4,275

4. Operating loss

	Notes	2019 £k	2018 £k
Operating loss			
<u>This is stated after charging:</u>			
Amortisation of intangible assets	9	837	582
Amortisation of goodwill	10	665	-
Depreciation of owned fixed assets	11	73	5
Operating lease rentals - plant and machinery		381	112
Auditors' remuneration for audit services	Group	97	12
Auditors' remuneration for audit services	Subsidiaries	46	18
Auditors' remuneration for tax compliance		6	31
Unrealised foreign exchange		4	36
		2,109	796

Note: Auditor's remuneration for the year includes additional fees in relation to 2018 incurred in 2019.

5. Director's emoluments

	2019 £k	2018 £k
Director's emoluments		
Emoluments	100	82
<u>Highest paid director</u>		
Emoluments	100	82



Notes to the accounts
for the year ended 31 December 2019 (continued)

6. Staff costs

	2019 £k	2018 £k
Staff costs		
Wages and salaries	5,050	3,558
Social security costs	88	34
Other pension costs	12	1
	5,150	3,593
<u>Average no. employees during the year</u>	No.	No.
Administration	142	36

7. Interest

	2019 £k	2018 £k
Interest received		
Interest received	18	0

	2019 £k	2018 £k
Interest Payable		
<u>Interest was payable on the following:</u>		
Loan interest payable	69	164
Finance charges payable under finance leases and hire purchase ontracts	-	0
	69	164



Notes to the accounts for the year ended 31 December 2019 (continued)

8. Taxation

	2019 £k	2018 £k
<u>Analysis of charge in year</u>		
<i>Current tax:</i>		
UK Corporation tax at 19% (PY: 19%)	-	-
Foreign taxation	58	18
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Tax on ordinary activities	<u>58</u>	<u>18</u>
<u>Provision for deferred tax</u>		
<i>Movement in provision:</i>		
Provision at start of the year	-	-
Deferred tax charged in the statement of comprehensive income for the year	-	-
Provision at the end of the year	<u>-</u>	<u>-</u>
The group had total carried forward losses of £11,393k (2018: £4,041k) against which the Directors have chosen not to recognise a deferred tax asset		
Group deferred tax (asset)/liability not recognised: £	(2,824,540)	(1,128,677)

9. Intangible fixed assets

Group

	2019 £k	2018 £k
<u>Intangible fixed assets</u>		
<u>Computer Software and Other Intangible assets:</u>		
<u>Cost</u>		
At 1 January	3,683	2,065
Additions	1,619	1,618
Cost reclassification	600	-
At 31 December	<u>5,901</u>	<u>3,683</u>
<u>Amortisation</u>		
At 1 January	799	217
Additions	837	582
Amortisation reclassification	944	-
At 31 December	<u>2,580</u>	<u>799</u>
<u>Carrying amount</u>		
At 31 December	<u>3,321</u>	<u>2,884</u>



Notes to the accounts
for the year ended 31 December 2019 (continued)

Company

	2019 £k	2018 £k
Intangible fixed assets		
<u>Computer Software and Other Intangible assets:</u>		
<u>Cost</u>		
At 1 January	3,226	2,237
Additions	1,687	989
At 31 December	4,913	3,226
<u>Amortisation</u>		
At 1 January	1,168	238
Charge for the year	1,348	930
At 31 December	2,515	1,168
<u>Carrying amount</u>		
At 31 December	<u>2,398</u>	<u>2,058</u>

10. Goodwill

	2019 £k	2018 £k
Goodwill		
As at 1st January	6,494	156
Additions	-	6,338
Revaluations	156	-
Amortisation	(665)	-
As at 31st December	<u>5,985</u>	<u>6,494</u>



Notes to the accounts
for the year ended 31 December 2019 (continued)

11. Tangible fixed assets

Group

	2019 £k	2018 £k
Tangible fixed assets		
<u>Computer and office equipment:</u>		
<u>Cost or valuation</u>		
At 1st January	375	189
Additions	556	186
Disposals	(103)	-
At 31st December	<u>828</u>	<u>375</u>
<u>Depreciation</u>		
At 1st January	33	29
Additions	73	5
Disposals	(31)	-
At 31st December	<u>76</u>	<u>33</u>
<u>Carrying amount</u>		
At 31st December	<u><u>752</u></u>	<u><u>342</u></u>

Company

	2019 £k	2018 £k
Tangible fixed assets		
<u>Computer and office equipment:</u>		
<u>Cost or valuation</u>		
At 1st January	20	-
Additions	200	20
At 31st December	<u>220</u>	<u>20</u>
<u>Depreciation</u>		
At 1st January	3	-
Additions	25	3
At 31st December	<u>28</u>	<u>3</u>
<u>Carrying amount</u>		
At 31st December	<u><u>192</u></u>	<u><u>17</u></u>



Notes to the accounts
for the year ended 31 December 2019 (continued)

12. Investments

	Company 2019 £k	Company 2018 £k
Investments		
Shares in subsidiary undertakings	<u>18,455</u>	<u>10,563</u>

The company holds the share capital of the following companies:

Company	Country of incorporation		
	Shares held	Class	%
Paysend plc	Ordinary	100	UK
Paysend Processing LLC	Ordinary	100	Russia
Wilson Corporation LLC	Ordinary	100	Russia
Robokassa LLP	Ordinary	100	Russia
Paysend Technology Limited	Ordinary	100	UK
Paysend Canada Limited	Ordinary	100	Canada

The principal activity for all subsidiaries is to facilitate B2C or B2B e-money payments and transfers.

13. Stocks

	Group 2019 £k	Group 2018 £k	Company 2019 £k	Company 2018 £k
Stocks				
Inventories	<u>23</u>	<u>20</u>	<u>-</u>	<u>-</u>

14. Debtors

	Group 2019 £k	Group 2018 £k	Company 2019 £k	Company 2018 £k
Debtors				
Trade debtors	170	340	-	-
Amounts owed by group undertakings	-	-	2,010	456
Amounts owed by related entities	57	86	-	-
Deferred tax asset - see note 8	24	-	-	-
Other debtors	547	32	102	6
Prepayments	389	562	90	10
	<u>1,187</u>	<u>1,020</u>	<u>2,202</u>	<u>472</u>



Notes to the accounts
for the year ended 31 December 2019 (continued)

15. Cash and cash equivalents

	Group 2019 £k	Group 2018 £k	Company 2019 £k	Company 2018 £k
Cash and cash equivalents				
Segregated cash	83	105	-	-
Cash and cash equivalents	12,028	4,604	5,597	1,213
	<u>12,111</u>	<u>4,709</u>	<u>5,597</u>	<u>1,213</u>

16. Creditors due within one year

	Group 2019 £k	Group 2018 £k	Company 2019 £k	Company 2018 £k
Creditors: amounts falling due within one year				
Loans	467	2,464	-	2,431
Trade creditors	940	2,912	369	133
Other taxes and social security costs	-	16	-	13
Other creditors	2,138	595	70	-
Accruals	358	95	166	7
	<u>3,903</u>	<u>6,082</u>	<u>605</u>	<u>2,584</u>

Analysis of loans:

The 2018 loan was a convertible loan that converted into preferred shares in 2019.

The 2019 loan represents two short term loans with an interest rate of 8%. These loans carried no security and were repaid in Q1 2020.

17. Business combinations

On 15 March 2019, the remaining 12.5% of Business Elements LLC (subsequently renamed Robokassa LLC) and Wilson Corporation LLC were directly acquired. Robokassa LLC and Wilson Corporation LLC therein became wholly owned subsidiaries. The acquisition of the minority interest was recognised as a transaction with owners and no goodwill was therefore recognised with movements accounted for through reserves.

18. Lease commitments

Paysend Group had the following lease commitments as at 31 December 2019.

	< 1yr 2019 £k	1 - 5 years 2018 £k	> 5 years 2019 £k
Lease commitments			
At 31st December 2019	186	757	-

The total amount committed to at 31 December 2019 was £943k.

Lease payments recognised as an expense in the year totalled £382k (2018: £112k).



Notes to the accounts

for the year ended 31 December 2019 (continued)

19. Share capital

	Nominal Value £	2019 No. 000s	2019 £k	2018 £k
Share capital				
<u>Allotted, called up and fully paid:</u>				
Ordinary shares	0.0001	18,364	2	2
Preference shares	0.0001	4,221	1	0
Deferred shares	0.01	64	1	0
		<u>22,649</u>	<u>4</u>	<u>2</u>
 <u>Shares issued during the period:</u>				
Ordinary shares	0.0001	18,346	2	
Preference shares	0.0001	4,065	0	
Allotted, called up and fully paid:	0.0001	<u>22,411</u>	<u>2</u>	

Note:

In August 2019, all existing ordinary and preference shares were split by a factor of 100 from £0.01 to £0.0001 per share. The split was performed to increase the marketability and accessibility of the shares through the successful crowd funding campaign launched at the same time.

20. Share premium

	Group 2019 £k	Group 2018 £k	Company 2019 £k	Company 2018 £k
Share premium				
At 1 January	16,105	2,541	16,105	2,541
Shares issued	21,009	13,564	23,894	13,564
At 31 December	<u>37,114</u>	<u>16,105</u>	<u>39,999</u>	<u>16,105</u>

The share premium reserve relates to premiums received on the issue of share capital.

21. Dividends

No dividends were issued or proposed in 2019 (2018: nil).



Notes to the accounts

for the year ended 31 December 2019 (continued)

22. Related parties

Ronald Millar is a director of the company. He charged the group for his services as a director. The fees for the year amounted to £100k (2018: £82k).

Dmitry Palchikov is a director of one of the company's subsidiaries, Paysend Processing LLC. He charged Paysend Group Ltd for his services as a director of Paysend Processing LLC. The fees for the year amounted to £167k (2018: £103k).

Ronald Millar is a director of both Paysend plc and Paywizard Group Limited. Paysend charges fees to Paywizard. Fees charged were £29k (2018: £73k). The balance owed by Paywizard Group Ltd at 31 December 2019 was £57k (2018: £86k).

23. Events after the reporting date

In 2020 there was a global virus outbreak which materially impacted the ability of many nations and companies to function effectively. Within the UK, in common with many other nations, this culminated in an enforced lockdown process whereby the majority of the British population were advised to remain at home for several months.

Paysend Group has assessed the sustainability risk presented by this pandemic and has concluded that its ability to function effectively as a going concern is not impacted. At the time of signing these accounts the outbreak, named Covid-19, remains ongoing but has not affected the growth of the group which remains ideally placed to continue to benefit from the shift in social economic trends towards digital payments.

Subsequent to the year end, Paysend has raised additional capital (a combination of preference shares and convertible loan notes) totalling £11 million.

24. Presentation currency

The financial statements are presented in GBP Sterling.

25. Ultimate ownership of the group

Paysend Group Ltd is majority owned by Digital Space Ventures S.C.Sp which is incorporated in Luxembourg. The ultimate controlling party is Elvira Abdulkerimova.