

Company Registration No. 09908958 (England and Wales)

BILDERLINGS PAY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

BILDERLINGS PAY LIMITED

COMPANY INFORMATION

Directors	Mr D Polakovs Mr A Zaharovs
Company number	09908958
Registered office	66 Prescott Street London E1 8NN
Auditor	CBW Audit Limited 66 Prescott Street London E1 8NN
Business address	Daws Lane Business Centre 33-35 Daws Lane London NW7 4SD

BILDERLINGS PAY LIMITED

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BILDERLINGS PAY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

The directors have provided information regarding the Company's decisions and strategies during the financial year in the fair review of the business section.

Section 172 (1) Statement

The main governance body of the Company (hereinafter – “the Company” or “Bilderlings”) is the Board of Directors, which is responsible for prosperity of Bilderlings, leading the Company and supervising its business directions while seeking to develop a culture of good governance. The Company is a values-driven organisation, and the Board is committed to high standards of business conduct, and lawful, efficient and fair business practices, encompassing its long-term strategy, the way how it serves clients, operates and behaves towards shareholders, partners, employees and other stakeholders. The Board takes the responsibility to develop and maintain an open and fair interaction and transparent culture with all stakeholders, considering it as a key to the Company's overall success.

Bilderlings informs its shareholders about the financial performance, holds meetings on a regular basis to demonstrate how the long- and short-term strategies of the Company are being met. Bilderlings' strategic plan and business model have been developed and periodically reviewed in a transparent shareholders communication to have a long-term positive effect on the Company's success while taking into consideration the interests and concerns of its customers, partners, suppliers, employees, and impact of operations on the environment and communities.

The primary purpose of the Bilderlings' strategy is to help clients achieve sustainable economic growth, improve their financial well-being, promote accessibility of financial services in the world. To achieve this goal, Bilderlings will continue to build its business with a high emphasis on real customer needs, providing a greater more streamlined user's experience through tech-enabled platform solutions and friendly user interface.

Bilderlings highly values relationships with its ecosystem partners and suppliers, enabling the Company to act as a platform for third-party financial products. Bilderlings cooperates closely with its trusted partners' network to develop innovative products and services providing more choice, greater reliability, and prices its customers can afford. To support this relationship, Bilderlings has introduced dedicated managers to make interaction with partners and suppliers in a more effective and efficient way, concluded long-term arrangements with the key partners and suppliers, and implemented regular business review procedures.

BILDERLINGS PAY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Fair review of the business

Bilderlings' mission is to help business and many people improve their performance and financial well-being through a global fintech platform focusing on greater convenience, more choice and affordable prices. The Company believes its tech-enabled solutions will democratise finance and enhance trust, efficiency, speed and inclusivity of financial services. Any client who is underbanked or which traditional bank does not meet their real needs is Bilderlings' target. We envisage our company future is not just about alternative value proposition in financial sector, using a platform business. Bilderlings aims to design an orchestrated digital ecosystem spanning multiple industries, providing a mix of financial and non-financial products what our clients actually need, in one interaction, anytime and anywhere, and promoting new ways to collaborate, connect and innovate for the private benefit and public good.

Throughout the year, Bilderlings has progressed in implementation of its strategic initiatives and continued to improve its platform infrastructure, products offering and user experience while accelerating client growth in Europe, developing collaboration with ecosystem partners, and launching new products and new markets.

Bilderlings has continued investing in technology infrastructure, which was proprietary, flexible and built on a cloud-based API driven digital core from the start. We have improved flexibility of the user's interface to help our clients see a full financial picture, giving them more control and management over their finances. We have advanced in developing in-house a full-scale digital bank architecture, including multi-currency accounts, payment cards, card processing, SEPA and SWIFT channels, open API, all required back-office functions, legacy and regulatory integration, automated AML system, and access to other major banking products through integration with ecosystem partners.

Throughout the year, the Company has continually focused on improving its business processes and support functions to enhance user experience. We have continued to invest in business process automation, intending to introduce in 2020 an automated transaction monitoring and online onboarding. Much effort has been made to achieve a 24/7 operation and availability with no cut-off times. The development has also started on the Bilderlings mobile app, which is due for release in Q3 2020.

There were three key areas of growth – the introduction of Bilderlings for business, the launch of Bilderlings' MasterCard debit card, and the expansion of existing products into new markets.

In June 2019 our application for a MasterCard membership was approved by MasterCard Europe S.A. for card-issuing in EEA. By the end of the year, Bilderlings' account for business and individuals was enhanced with the introduction of accompanying contactless debit card, allowing customers in addition to core offering, increased limits, additional cards and 24/7 support.

Bilderlings for Business was introduced in 2019, allowing businesses access to the Bilderlings' platform including multi-currency accounts, European and British accounts with individual IBANs without limitation on turnover, payments and currency exchange, MasterCard debit card and card payments processing through the multi-acquirers gateway. In addition, we have offered our business clients access to partner bank finance, specialised relationship manager support and API for enterprises.

2019 was the year when we began to realise our plans for instant payments. Upon receiving approval from Bank of Lithuania on the introduction of SEPA Instant, we have started its implementation to enable ever easier and faster pan-European payments in less than ten seconds. SEPA Instant availability for clients is planned in Q3 2020, with a subsequent goal to connect to the Target2 payment system.

Also, during the year, we have made integrations with leading European financial institution and bank which has transformed our currency conversion service in an instant, a real-time automated platform, providing market exchange rate and increasing the number of supported currencies to 19.

Towards the end of 2019, our anti-money laundering procedures were reviewed by BDO LLP (UK), an independent testament that our control environment is maintained to respond effectively to one of the principal risks.

BILDERLINGS PAY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Financial performance and KPIs

Stable financial growth and focus on resilience will be in the core of our strategy. The Company's capital target ensures the capital available is of sufficient amount to support our strategic plan initiatives, and capital adequacy meets the regulatory requirement. The Company has complied with these requirements, holding a net position of €487,075 at the end of 2019. To further strengthen capital resources for the long haul and lead through uncertainty as a result of Britain's referendum to exit European Union ('Brexit'), the shareholders have decided to increase the share capital up to €1,600,000 (completed in February and May 2020).

2019 has seen significant revenue growth in all lines of the core business, from €1,032,306 in 2018 to €2,634,033 in 2019. The Company has scaled up its European and cross-border payments with customers transferring €40 million monthly at the end of 2019, up from €14,8 million in December 2018. At the end of the year, the Company held €38,059,385 in respect of client money balances (2018: €6,694,605). The increase has been due to better marketing, product offering, a considerable increase in our customer base and activity of our users. Total expenses for 2019 were €2,558,320 against €1,072,040 in 2018, mainly driven by investments in our IT systems, infrastructure and costs on staff hiring. The 2019 financial year is the first in which the Company has posted a profit after tax amounting to €98,371, a testament that the Company has improved over time in a sustainable manner.

The key performance indicators (KPI's) are used to measure the Company's performance against key business objectives and report to shareholders. Our major strategic and operational KPI's are presented below, showing an increase in percentage in 2019:

- Revenue growth: 255%
- EBITDA growth: 191%
- OPEX growth: 239%
- Total clients growth: 519%
- Total business clients growth: 501%
- Client Money growth: 569%
- Client activity (outgoing payment transactions) growth: 740%

In addition to the above metrics, Bilderlings has approved and periodically reviews specific analytics to have visibility of mission progress with a focus on more excellent, more streamlined user's experience. In particular, compared to 2018, the speed of client online onboarding has been improved for more than 50%, average prices for cross-border transfers lowered for 31%.

BILDERLINGS PAY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties

At Bilderlings, the bar for proper operational risk management has been raised in the course of the year. Bilderlings continues to invest in IT systems and organisational controls to minimise potential losses as a result of inadequate or failed internal processes, technology systems, human error and from legal and cyber risks. To enhance client satisfaction, reputation and shareholders value, Bilderlings undertakes proper planning, testing and focuses on implementing adequate and timely controls, and higher corporate accountability, senior management commitment, searching and retaining right personnel.

Bilderlings issues electronic money to its clients and must handle it in strict accordance with safeguarding and capital requirements. Protecting from electronic-money risk, the management team sets a precise control over its commitment to legislation.

Dependency on financial services provided by ecosystem banking partners is the critical strategic risk of the Company. These institutions maintain the Company's accounts, enabling cross-border payments, holding client funds and providing currency exchange. The Company undertakes proper due diligence on partners and makes significant efforts to build a robust banking partner network to ensure the best users experience and diversify risks.

Bilderlings operates in the industry with a rigorous and fast-changing compliance landscape. Bilderlings is exposed to potential failure or breach to comply with regulations and laws, including corporate governance and anti-money laundering laws. To meet these challenges, updating to changes in compliance requirements and management system are maintained and enhanced by management in a timely and efficient manner.

Bilderlings is subject to a high financial crime risk as it handles a large number of transactions in client funds. As a consequence, the Company faces the risk of non-compliance with anti-money laundering (AML)/combating the financing of terrorism (CFT)/know your client (KYC) rules and is subject to potential losses due to breaches of its terms & conditions of business by its clients. To effectively and timely manage this risk, Bilderlings systematically develops, maintains and strictly adheres to the robust control system, including KYC and AML procedures, detailed reviews of customer activities, ongoing monitoring of transactions and corporate governance. Additionally, the Company continues to develop an automated AML for online onboarding and monitoring client activities and has entered into an agreement with leading AML checking and monitoring provider.

At Bilderlings, cyber risks have been recognised as not only an IT issue but a business risk. With this perspective, several technical security controls have been implemented to combat unauthorised access to Bilderlings systems effectively, or customers data (e.g. automated continuous behavioural analysis monitoring, training and regular external testing and audit activities). Bilderlings passes a PCI DSS payment card security standard annually. The Company strives to identify critical business activities and their risks, supporting systems and their vulnerabilities, analyses the new cybersecurity threats and implements robust mitigation controls, and countermeasures to reduce the impact on business activities and protect data.

As a digital financial services provider, Bilderlings processes significant volumes of personal data and must comply with data protection and privacy laws. Bilderlings has continued to invest in its technologies in order to prevent breaches of data security. Additionally, penetration testing is periodically performed to have such IT systems secure and resilient.

COVID-19 (Coronavirus) has become a serious challenge to people and organisations around the world. The destruction of the business is likely to continue for many months. To be prepared for this "new normal situation", to respond to it, and ultimately become stronger; Bilderlings has established a cross-functional response team with senior representatives from the following business divisions: HR, IT, Risk, Finance, Sales and Marketing, AML. The responsibility of the Team is to develop case scenarios and the potential impact; to support crisis and response planning, structure responses that will be sustainable not only today but also in the difficult coming months.

BILDERLINGS PAY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Uncertainty about outcomes as a result of Brexit, including passporting rights in the European Union and providing service to clients across the EEA, remains still challenging to quantify and manage in traditional ways. To mitigate potential risks and secure the best user's experience, the Company has simulated various scenarios and started arrangements to obtaining a license in one of the EU countries and enhancing the network of EU-based partner banks.

On behalf of the board

Mr A Zaharovs
Director
27 August 2020

BILDERLINGS PAY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company during the period is as an electronic money institution, where a payment platform is provided to clients who used prepaid credit cards from a banking partner.

The company is Authorised and Regulated by the United Kingdom Financial Conduct Authority under the Electronic Money Regulations 2011 and the Payment Services Regulations 2017 for the issuing of electronic money and the provision of payment services with FCA registration number 900637.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D Polakovs
Mr A Zaharovs

Results and dividends

The results for the year are set out on page 10.

The directors did not recommend the payment of a dividend in the year.

Auditor

During the year, Carter Backer Winter LLP ceased to be auditor and CBW Audit Limited were subsequently appointed as auditors. A resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations, Sch.7 to be contained in the directors' report.

BILDERLINGS PAY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr A Zaharovs
Director

27 August 2020

BILDERLINGS PAY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BILDERLINGS PAY LIMITED

Opinion

We have audited the financial statements of Bilderlings Pay Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 have been prepared in accordance with applicable legal requirements.

BILDERLINGS PAY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BILDERLINGS PAY LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Rose (Senior Statutory Auditor)
for and on behalf of CBW Audit Limited

27 August 2020

Chartered Accountants
Statutory Auditor

66 Prescot Street
London
E1 8NN

BILDERLINGS PAY LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 €	2018 €
Turnover	3	2,634,033	1,032,306
Cost of sales		(1,481,673)	(727,741)
Gross profit		1,152,360	304,565
Administrative expenses		(1,076,647)	(344,299)
Operating profit/(loss)	4	75,713	(39,734)
Interest payable and similar expenses	8	(4,722)	-
Profit/(loss) before taxation		70,991	(39,734)
Tax on profit/(loss)	9	27,380	-
Profit/(loss) for the financial year		98,371	(39,734)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

BILDERLINGS PAY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 €	2018 €
Profit/(loss) for the year	98,371	(39,734)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>98,371</u>	<u>(39,734)</u>

BILDERLINGS PAY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 €	€	2018 €	€
Current assets					
Debtors	10	182,936		120,104	
Cash at bank and in hand		1,317,530		388,062	
		<u>1,500,466</u>		<u>508,166</u>	
Creditors: amounts falling due within one year	11	<u>(1,013,391)</u>		<u>(119,462)</u>	
Net current assets			<u>487,075</u>		<u>388,704</u>
Capital and reserves					
Called up share capital	14	600,000		600,000	
Profit and loss reserves		<u>(112,925)</u>		<u>(211,296)</u>	
Total equity			<u>487,075</u>		<u>388,704</u>

The financial statements were approved by the board of directors and authorised for issue on 27 August 2020 and are signed on its behalf by:

Mr A Zaharovs
Director

Company Registration No. 09908958

BILDERLINGS PAY LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital	Profit and loss reserves	Total
	€	€	€
Balance at 1 January 2018	600,000	(171,562)	428,438
Period ended 31 December 2018:			
Loss and total comprehensive income for the period	-	(39,734)	(39,734)
Balance at 31 December 2018	600,000	(211,296)	388,704
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	98,371	98,371
Balance at 31 December 2019	<u>600,000</u>	<u>(112,925)</u>	<u>487,075</u>

BILDERLINGS PAY LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2019**

		2019		2018	
	Notes	€	€	€	€
Cash flows from operating activities					
Cash generated from operations	19		934,190		29,200
Interest paid			(4,722)		-
			<hr/>		<hr/>
Net cash inflow from operating activities			929,468		29,200
Investing activities					
Proceeds from other investments and loans		-		597	
		<hr/>		<hr/>	
Net cash (used in)/generated from investing activities			-		597
			<hr/>		<hr/>
Net increase in cash and cash equivalents			929,468		29,797
Cash and cash equivalents at beginning of year			388,062		358,265
			<hr/>		<hr/>
Cash and cash equivalents at end of year			<u>1,317,530</u>		<u>388,062</u>

BILDERLINGS PAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Bilderlings Pay Limited is a private company limited by shares incorporated in England and Wales. The registered office is 66 Prescot Street, London, E1 8NN. The business address is Daws Lane Business Centre, 33-35 Daws Lane, London, NW7 4SD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in euros, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest €.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The company's performance is carefully monitored by the directors and has been as budgeted, despite COVID-19 having a significant effect on the world economy. The directors have assessed their budgets and monitor the situation on a monthly basis to compare actual results, and therefore identify any impact of the pandemic, which they believe to be minimal due to the nature of the business and industry.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand.

BILDERLINGS PAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

BILDERLINGS PAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

BILDERLINGS PAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

1.9 Foreign exchange

Transactions in currencies other than euros are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The company does not have any areas where there is significant estimation uncertainty or judgement. In the prior period, the deferred tax asset was not recognised since the timing of future profits was uncertain, however this has since been used in the current year on current year profits.

3 Turnover and other revenue

	2019	2018
	€	€
Turnover analysed by class of business		
Rendering of services	2,634,033	1,032,306
	<u>2,634,033</u>	<u>1,032,306</u>
	2019	2018
	€	€
Turnover analysed by geographical market		
EU	1,522,218	891,706
Non-EU	1,111,815	140,600
	<u>2,634,033</u>	<u>1,032,306</u>

4 Operating profit/(loss)

	2019	2018
	€	€
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(15,431)	3,088
Operating lease charges	15,661	23,359
	<u>15,661</u>	<u>23,359</u>

BILDERLINGS PAY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****5 Auditor's remuneration**

	2019	2018
	€	€
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	35,085	18,048
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019	2018
	Number	Number
Employees	3	-
	<u> </u>	<u> </u>

The aggregate remuneration of employees through the period comprised:

	2019	2018
	€	€
Wages and salaries	62,009	-
Social security costs	14,949	-
	<u> </u>	<u> </u>
	76,958	-
	<u> </u>	<u> </u>

7 Directors' remuneration

	2019	2018
	€	€
Remuneration for qualifying services	4,538	-
	<u> </u>	<u> </u>

8 Interest payable and similar expenses

	2019	2018
	€	€
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	4,722	-
	<u> </u>	<u> </u>

9 Taxation

	2019	2018
	€	€
Deferred tax		
Origination and reversal of timing differences	(27,380)	-
	<u> </u>	<u> </u>

BILDERLINGS PAY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****9 Taxation****(Continued)**

The actual (credit)/charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	€	€
Profit/(loss) before taxation	70,991	(39,734)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	13,488	(7,549)
Unutilised tax losses carried forward	-	7,549
Utilisation of tax losses	(13,488)	-
Deferred tax	(27,380)	-
Taxation credit for the year	(27,380)	-
10 Debtors		
Amounts falling due within one year:	2019	2018
	€	€
Trade debtors	41	-
Other debtors	138,414	117,741
Prepayments and accrued income	17,101	2,363
Deferred tax asset (note 13)	27,380	-
	182,936	120,104
11 Creditors: amounts falling due within one year		
	2019	2018
	€	€
Trade creditors	65,382	56,098
Amounts owed to group undertakings	895,777	43,850
Taxation and social security	79	-
Other creditors	119	-
Accruals and deferred income	52,034	19,514
	1,013,391	119,462

BILDERLINGS PAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Client Money

The company holds electronic money accounts on behalf of its clients as per the FCA's EMI regulation 2011 and PSR 2017. It does not believe it carries the risks and rewards in relation to these monies and therefore does not include them on the balance sheet. At the year end the company held €38,059,385 in respect of these balances (2018: €6,694,605)

13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2019	Assets 2018
	€	€
Balances:		
Tax losses	27,380	-
	<u>27,380</u>	<u>-</u>
Movements in the year:		2019
		€
Liability at 1 January 2019		-
Credit to profit or loss		(27,380)
		<u>(27,380)</u>
Asset at 31 December 2019		<u>(27,380)</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

14 Share capital

	2019	2018
	€	€
Ordinary share capital		
Issued and fully paid		
600,000 Ordinary shares of €1 each	600,000	600,000
	<u>600,000</u>	<u>600,000</u>

15 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	€	€
Within one year	5,709	5,709
	<u>5,709</u>	<u>5,709</u>

BILDERLINGS PAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

16 Events after the reporting date

On 10 February 2020, 600,000 Ordinary €1 shares were issued at par increasing equity by €600,000.

On 26 May 2020, 400,000 Ordinary €1 shares were issued at par increasing equity further by €400,000.

17 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Services received	
	2019	2018
	€	€
Other related parties	616,568	43,850

The following amounts were outstanding at the reporting end date:

	2019	2018
	€	€
Amounts due to related parties		
Other related parties	895,777	-

The above amounts include:

A loan with a related party of €850,000 (2018: nil) and interest on the loan of €4,722 (2018: €nil)

18 Ultimate controlling party

The ultimate parent company is Bilderlings Holdings SIA, a company registered in Latvia. The registered address is Jekaba Street 2, Riga, LV-1050, Latvia. The results for Bilderlings Pay Limited are not consolidated in the parent company accounts.

19 Cash generated from operations

	2019	2018
	€	€
Profit/(loss) for the year after tax	98,371	(39,734)
Adjustments for:		
Taxation credited	(27,380)	-
Finance costs	4,722	-
Movements in working capital:		
Increase in debtors	(35,452)	(35,370)
Increase in creditors	893,929	104,304
Cash generated from operations	934,190	29,200

BILDERLINGS PAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

20 Analysis of changes in net funds

	1 January 2019	Cash flows	31 December 2019
	€	€	€
Cash at bank and in hand	388,062	929,468	1,317,530
	<u> </u>	<u> </u>	<u> </u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.