



BPC BT HOLDING LTD

Consolidated financial statements
for the year ended 31 December 2019
and Independent Auditor's Report

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BPC BT HOLDING LTD
CONSOLIDATED MANAGEMENT REPORT

Board of Directors:	Evdokia Georgiou
Company Secretary:	Soloserve Ltd
Independent Auditors:	BDO Ltd Certified Public Accountants (CY) and Registered Auditors 261, 28th October Street (Seafront Road) View Point Tower Floors 6, 7 and 8 P. O. Box 51681 3507 Limassol, Cyprus
Registered office:	Georgiou Katsounotou 6 3036 Limassol Cyprus
Registration number:	HE298527

The Board of Directors presents its report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2019.

Principal activities and nature of operations of the Group

BPC Banking Technologies was founded in 1995 and is headquartered in Switzerland. The Company is a global leader in providing payments solutions software.

BPC Banking Technologies creates payments solutions that inspire change and progress for businesses and people everywhere. Our customers include huge tier 1 banks, and both midsize and smaller companies. We are well known for our long-term commitment to customers and their success and believe this is where we offer real difference compared to our competitors.

The Group is the architect and developer of the market-leading SmartVista platform, which handles all aspects of ATM management, billing, mobile and contactless payments, settlement, point of sale, card issuing and acquiring, microfinance and electronic payments processing.

Our over 230 clients include leading financial institutions in more than 80 countries, and several of the world's largest banks, national processors, retail chains, MNOs and etc. To provide long-term support and partnership for our customers, we have developed a global network of offices, all with local language support.

Review of current position, future developments and performance of the Group's business

The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

Use of financial instruments by the Group

The Group's activities expose it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The Group's risk management system focuses on unpredictability of financial markets and is aimed to minimize its potential negative impact on the Company's financial results.

Interest rate risk

The Group's exposure to interest rate risk is not significant considering the low level of loans and borrowing and fixed interest rate for that debt.

Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's overall strategy is to reduce the foreign exchange risk arising from currencies other than functional. Besides, the Company does not use forward currency contracts.

Financial assets and financial liabilities of the Group companies are denominated in US dollars, Euro, Russian rouble, Ukrainian hryvnia, Vietnamese Dong, Singapore dollars, but for the purpose of currency risk management monitors rate changes only to the Russian rouble, US Dollar and Euro.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial assets, on which the Company potentially assumes credit risk, are mainly represented by trade receivables, cash and cash equivalents and loans issued.

Credit risks relating to accounts receivable are regularly reviewed to establish whether creation of a bad debt allowance is necessary. Net receivables, less bad debt allowance, is the maximum amount exposed to credit risk. There were no receivables past due but not impaired.

Although collection of receivables is influenced by economic factors, management believes that a significant risk of loss to the Company beyond the allowance for impairment of receivables is minimal as goods are sold and services are provided to customers with appropriate credit history. The Company's management does not question the solvency of the majority of its customers.

The Company does not issue or hold financial instruments for hedging or trading purposes. The Company's receivables are not secured. The Company has no material concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset recognized in the balance sheet.

Liquidity risk

Liquidity risk is the risk that the Company will not be able in certain circumstances to settle all its liabilities when they fall due.

Prudent liquidity risk management includes maintaining sufficient cash and availability of funding from an adequate amount of committed credit resources. The Company maintains flexibility in funding by borrowing from related parties.

The Company uses cash flow budgeting and forecasting procedures to make sure that it has sufficient cash available to meet its obligations in due time.

Results

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

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The sole member of the Company's Board of Directors as at 31 December 2019 and at the date of this report is presented on page 3. The sole Director was a member of the Board of Directors throughout the year ended 31 December 2019.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period

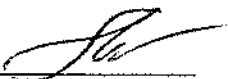
There were no material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.

BPC BT HOLDING LTD
CONSOLIDATED MANAGEMENT REPORT

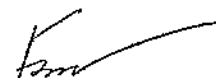
Independent Auditors

The Independent Auditors, BDO Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Sole Director,



Anatoly Loginov
General Director



Andrey Bolyakin
CFO

19 May 2020

Independent Auditor's Report

To the Members of BPC BT Holding Ltd

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of BPC BT Holding Ltd (the "Company") and its subsidiaries (the "Group"), which are presented in pages 10 to 50 and comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the "International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants" (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Independent Auditor's Report (continued)

To the Members of BPC BT Holding Ltd

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent Auditor's Report (continued)

To the Members of BPC BT Holding Ltd

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

Other Matter

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

A handwritten signature in blue ink, appearing to read 'Christos Andreou', with a large, stylized loop at the beginning and a horizontal line extending to the right.

Christos Andreou
Certified Public Accountant (CY) and Registered Auditor
for and on behalf of

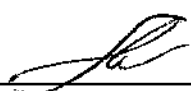
BDO Ltd
Certified Public Accountants (CY) and Registered Auditors

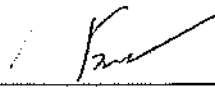
Limassol, 19 May 2020

BPC BT HOLDING LTD**Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019***(in thousands of USD unless otherwise stated)*

	Note	For the year ended 31 December	
		2019	2018
Revenue	5	89 791	81 904
Cost of sales	6	(26 114)	(21 460)
Gross profit		63 677	60 444
Research expenses		(10 299)	(8 688)
Selling and marketing expenses	7	(17 198)	(16 873)
General and administrative expenses	8	(11 881)	(12 271)
Other operating expenses, net	9	(2 651)	(1 066)
Operating profit		21 648	21 546
Interest income		343	519
Interest expenses	10	(2 724)	(2 733)
Net foreign exchange gain		445	(1 259)
Gain / (losses) on disposal of subsidiaries, net	11	(462)	238
Gain from the purchase of a subsidiary, net		-	354
Profit before tax		19 250	18 665
Income tax expense	12	(3 400)	(4 624)
Profit for the year		15 850	14 041
Other comprehensive income/(expense)			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		3 843	(5 498)
Total comprehensive income / (expense)		19 693	8 543
Net profit for the year attributable to controlling shareholders		14 950	13 395
Net profit for the year attributable to non-controlling interest		900	646
Comprehensive income for the year attributable to controlling shareholders		19 693	8 543
Comprehensive income for the year attributable to non-controlling interest		-	-

On 19 May 2020 the Sole Director of BPC BT Holding Ltd authorised these consolidated financial statements for issue.


Anatoly Loginov
General Director


Andrey Bolyakin
CFO

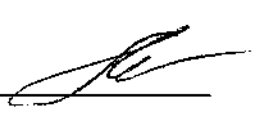
BPC BT HOLDING LTD

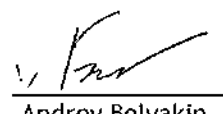
Consolidated statement of financial position as at 31 December 2019

(in thousands of USD unless otherwise stated)

	Note	As at 31 December 2019	2018
ASSETS			
Non-current assets			
Intangible assets	14	87 895	70 383
Property, plant and equipment	15	2 878	1 197
Non-current investments		69	69
Long-term loans issued	16	2 782	309
Deferred tax assets	12	2 389	1 671
Total non-current asset		96 013	73 629
Current assets			
Inventories	17	692	869
Trade and other receivables	18	27 613	23 271
Advances given	18	5 575	2 491
Income tax prepayments		766	347
Short-term loans issued	16	1 164	5 561
Cash and cash equivalents	19	9 595	9 528
Total current assets		45 405	42 067
Total assets		141 418	115 696
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	20	2	2
Additional paid in capital	20	6 712	6 712
Other funds and reserves		(5 153)	(8 996)
Retained earnings		72 697	57 747
Total attributable to owners of the Group equity and reserves		74 258	55 465
Non-controlling interest		2 294	1 394
Total capital and reserves		76 552	56 859
Non-current liabilities			
Long-term trade payables	22	11 229	14 228
Long-term finance lease payables	24	1 110	-
Deferred tax liability	12	14 107	10 279
Total non-current liabilities		26 446	24 507
Current liabilities			
Short-term loans and borrowings	21	7 730	5 316
Trade and other payables	22	20 916	21 430
Advances received	22	7 548	6 680
Income tax payable		1 885	851
Short-term finance lease payables	24	341	53
Total current liabilities		38 420	34 330
Total equity and liabilities		141 418	115 696

On 19 May 2020 the Sole Director of BPC BT Holding Ltd authorized these consolidated financial statements for issue.


Anatoly Loginov
General Director


Andrey Bolyakin
CFO

The notes on pages 14-50 are an integral part of the consolidated financial statements

BPC BT HOLDING LTD

Consolidated statement of changes in equity for the year ended 31 December 2019
(in thousands of USD unless otherwise stated)

	Note	Share capital	Additional paid in capital	Other funds and reserves	Retained earnings	Non-controlling interest	Total
Balance as at 01.01.2018		1	6 713	(3 498)	44 352	748	48 316
Net profit for the period		-	-	-	13 395	646	14 041
Exchange difference on translating foreign operations		-	-	(5 498)	-	-	(5 498)
Total comprehensive income/(expense) for 2018		-	-	(5 498)	13 395	646	8 543
Issue of share capital	20	1	6 590	-	-	-	6 591
Transfer as a payment of share capital at a premium	20	-	(6 591)	-	-	-	(6 591)
Balance as at 31.12.2018		2	6 712	(8 996)	57 747	1 394	56 859
Net profit for the period		-	-	-	14 950	900	15 850
Exchange difference on translating foreign operations		-	-	3 843	-	-	3 843
Total comprehensive income/(expense) for 2019		-	-	3 843	14 950	900	19 693
Balance as at 31.12.2019		2	6 712	(5 153)	72 697	2 294	76 552

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defense at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defense is payable by the Company for the account of the shareholders.

On 19 May 2020 the Sole Director of BPC BT Holding Ltd authorized these consolidated financial statements for issue.


Anatoly Loginov
General Director


Andrey Bolyakin
CFO

The notes on pages 14-50 are an integral part of the consolidated financial statements


BPC BT HOLDING LTD


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

(in thousands of USD unless otherwise stated)

	Note	For the year ended 31 December	
		2019	2018
Cash flows from operating activities			
Net profit before tax		19 250	18 665
Adjustments for:			
Depreciation and amortization	6,8	1 631	918
Net foreign exchange gain		(445)	1 259
Write-off of receivables or payables	9	(278)	1 159
Impairment of intangible assets	14	1 525	-
Change in provision for doubtful debts		509	77
Interest income		(343)	(519)
Interest expense	10	2 724	2 733
Disposal of subsidiary		462	(239)
Other non-cash transactions (incl. provisions)	18,23	2 164	1 161
Change in working capital			
Decrease in accounts receivable		(4 642)	(6 818)
Decrease in inventories		283	(621)
(Decrease) in accounts payable		(11 871)	(2 874)
Cash generated from operations		10 969	14 901
Income tax paid		(789)	(1 038)
Interest paid		(421)	(228)
Net cash generated by operating activities		9 759	13 635
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(792)	(1 190)
Payments for purchase of intangible assets		(14 466)	(18 207)
Loans issued		(1 716)	(3 057)
Repayment of loans issued		3 685	1 733
Interest received		298	216
Purchase of subsidiary		-	(411)
Net cash used in investing activities		(12 991)	(20 917)
Cash flows from financing activities			
Proceeds from loans and borrowings		15 780	15 583
Repayment of loans and borrowings		(12 906)	(10 425)
Financial lease payments		(250)	-
Net cash generated by/(used in) financing activities		2 624	5 158
Exchange difference on translating foreign operations		675	1 496
Net increase/(decrease) in cash and cash equivalents		67	(628)
Cash and cash equivalents at the beginning of the year	19	9 528	10 156
Cash and cash equivalents at the end of the year	19	9 595	9 528

On 19 May 2020 the Sole Director of BPC BT Holding Ltd authorized these consolidated financial statements for issue.


 Anatoly Loginov
 General Director


 Andrey Bolyakin
 CFO

BPC BT HOLDING LTD

Notes to the consolidated financial statements for the year ended 31 December 2019

*(in thousands of USD unless otherwise stated)***1. General information**

These consolidated financial statements comprise financial statements of BPC BT HOLDING LTD and its subsidiaries (hereinafter the "Group") listed below in Note 1.1.

BPC BT HOLDING LTD (the "Company") was incorporated in Cyprus on 14 December 2011 as a private limited liability company under the provisions of the Cyprus Companies Law, CAP. 113. Its registered offices at Georgiou Katsounotou, 6, 3036, Limassol, Cyprus.

The 100% owner and the ultimate beneficiary of BPC BT HOLDING LTD is A.I. Loginov.

1.1. Group's Structure

Complete list of the Group companies is given below:

Group company	Location	Ownership ratio as at 31 December	
		2019	2018
BPC BT HOLDING LTD	Cyprus	N/A	N/A
Banking Production Center B.V.	The Netherlands	100%	100%
Banking Production Centre - Ukraine, LTD	Ukraine	100%	100%
BPC Banking Technologies (ASIA PACIFIC) Pte LTD.	Singapore	100%	100%
BPC VIETNAM COMPANY LIMITED	Vietnam	100%	100%
IPSL Innovative Payment Services Ltd.	Cyprus	51%	51%
BPC AG	Switzerland	100%	100%
SmartVista AG	Switzerland	100%	100%
BPC Banking Technologies, LLC	Russia	100%	100%
Runet Business Systems, LLC	Russia	51%	51%
BPC Development, LLC	Russia	100%	100%
BPC Software Labs B.V.	The Netherlands	100%	100%
BPC Philippines, Inc.	Philippines	60%	60%
BPC Africa (PTY) LTD	Republic of South Africa	N/A	100%
BPC Processing, LLC	Russia	100%	100%
BPC Technologies India Private Limited	India	100%	100%
BPC SmartVista Free Zone LLC	UAE	100%	100%
Hectare Online, LLC	Russia	100%	100%
Belkapay, LLC	Republic of Belarus	51%	51%
BPC Payment Services Ltd	United Kingdom	100%	100%
BPC Payment Services Zrt	Hungary	100%	100%
BPC SV MEXICO S.R.L. DE C.V.	Mexico	100%	100%
BPC Transport B.V.	The Netherlands	100%	N/A
BPC Marketplace B.V.	The Netherlands	100%	N/A
BPC Systems B.V.	The Netherlands	100%	N/A
BPC Banking Technologies, LLC	Egypt	100%	N/A
BPC Kazakhstan, LLC	Kazakhstan	51%	N/A
BPC Aqtobe, LLC	Kazakhstan	51%	N/A
BPC KG, LLC	Kyrgyzstan	50%	N/A

BPC Development LLC is consolidated due to the legal control over which comprises of 47.52% of the issued shares and based on the corporate agreement conditions of which the Group has a prevailing right to receive variable income from the ownership in the company, as well as the prevailing ability to influence over income exercising its powers in respect of the company.

BPC BT HOLDING LTD

Notes to the consolidated financial statements for the year ended 31 December 2019
(in thousands of USD unless otherwise stated)

BPC Africa (PTY) LTD was liquidated in 2019.

In 2018, the following companies were withdrew from Group:

- Service center BPC, LLC - the company was sold out;
- BPC - USA, Inc. - the company was liquidated;
- EPSL Efficient Payment Services Ltd. - the company was liquidated;
- Smart Project (Private) Limited - the company was liquidated.

Following subsidiaries were established in 2019 to enhance the Group's activities:

- BPC Transport B.V.;
- BPC Marketplace B.V.;
- BPC Systems B.V.;
- BPC Banking Technologies, LLC (Egypt);
- BPC Kazakhstan, LLC;
- BPC Aqtobe, LLC;
- BPC KG, LLC.

Following subsidiaries were established in 2018 to enhance the Group's activities:

- Hectare Online, LLC;
- Belkapay, LLC;
- BPC Payment Services Ltd;
- BPC SV MEXICO S.R.L. DE C.V.

The Group bought the company named BPC Payment Services Zrt in 2018.

The Group's business spans the globe and it has operations in some 80 countries and 5 continents.

For the year ended 31 December 2019 and 2018 the Group employed approximately 788 and 754 people respectively.

1.2. Group's activity

BPC Banking Technologies was founded in 1995 and is headquartered in Switzerland. The Company is a global leader in providing payments solutions software.

BPC Banking Technologies creates payments solutions that inspire change and progress for businesses and people everywhere. Group's customers include huge tier 1 banks, and both midsize and smaller companies. The Group is well known for its long-term commitment to customers and their success and believe this is where the Group offers real difference compared to its competitors.

The Group is the architect and developer of the market-leading SmartVista platform, which handles all aspects of ATM management, billing, mobile and contactless payments, settlement, point of sale, card issuing and acquiring, microfinance and electronic payments processing.

Over 230 clients of the Group include leading financial institutions in more than 80 countries, and several of the world's largest banks, national processors, retail chains, MNOs and etc. To provide long-term support and partnership for our customers, we have developed a global network of offices, all with local language support.

BPC BT HOLDING LTD

Notes to the consolidated financial statements for the year ended 31 December 2019

(in thousands of USD unless otherwise stated)

2. Basis of preparation

2.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs).

The consolidated financial statements were approved for issue on 19 May 2020.

2.2. Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These consolidated financial statements do not include any adjustments should the Group be unable to continue as a going concern. In arriving at the decision that the going concern assumption is appropriate, the management has taken into account the Group's access to financial resources.

2.3. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of consideration given in exchange for assets.

3. Significant accounting policies

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

3.1. Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Group consolidated financial statements comprise the financial statements of the parent company BPC BT Holding Ltd and the financial statements of its subsidiaries as at 31 December 2019 as per Note 1.1.

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3.2. Functional and presentation currencies

The individual financial statements of each Group entity are presented in its functional currency.

Functional currencies of the Group's companies were determined based on primary economic environment in which companies operate. The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash.

Functional currencies of the Group's companies were determined as follows:

Group Company	Functional currency
BPC BT Holding Ltd , Banking Production Center B.V., IPSL Innovative Payment Services Ltd., BPC Software Labs B.V., BPC Transport B.V., BPC Marketplace B.V., BPC Systems B.V.	Euro
Banking Production Centre - Ukraine LTD	Ukrainian Hryvna
BPC Banking Technologies (Asia Pacific) Pte Ltd, BPC AG, SmartVista AG, BPC Africa (PTY) LTD, BPC Smartvista Free Zone LLC, BPC SV MEXICO S.R.L. DE C.V., BPC Payment Services Ltd	US Dollar
BPC VIETNAM COMPANY LIMITED	Vietnamese Dong
BPC Philippines, Inc.	Philippine Peso
BPC Development LLC, BPC Banking Technologies, LLC, Runet Business Systems, LLC, BPC Processing, LLC, Hectare Online, LLC	Russian Rubles
Belkapay, LLC	Belarusian Rubles
BPC Payment Services Zrt	Hungarian Forint
BPC Technologies India Private Limited	Indian Rupee
BPC Banking Technologies, LLC (Egypt)	Egypt pound
BPC Kazakhstan, LLC, BPC Aqtobe, LLC	Kazakhstan tenge
BPC KG, LLC	Kyrgyz som

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In preparing the financial statements of each group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements the assets and liabilities of the Group's foreign operations are translated into US Dollar using closing exchange rates. Income and expense items are translated at the average exchange rates for the period, equity items are translated at historical exchange rate. Exchange differences arising are recognized in other comprehensive income and accumulated in equity.

In consolidated financial statements of cash flows opening and closing cash balances for each presented period are recalculated at rates as at relevant dates. All cash flows are recalculated at average rates for presented periods. Resulting exchange differences are presented as effect of conversion to the presentation currency.

The following rates were used in conversion to the presentation currency:

	2019	2018
US Dollar/Euro		
31 December	0,8912	0,8734
Average year rate	0,8930	0,8474
US Dollar / Russian Ruble		
31 December	61,9057	69,4706
Average year rate	64,7362	62,7078
US Dollar / Ukrainian Hryvna		
31 December	23,7000	27,7000
Average year rate	25,8182	27,2078
US Dollar / Vietnamese Dong		
31 December	23 183	23 200
Average year rate	23 223	22 966
US Dollar / Philippine Peso		
31 December	50,7257	52,5020
Average year rate	51,7641	52,6720
US Dollar / Belarusian Rubles		
31 December	2,0964	2,0964
Average year rate	2,0912	2,0370
US Dollar / Hungarian Forint		
31 December	294,6487	280,3495
Average year rate	290,6541	283,3820
US Dollar / Indian Rupee		
31 December	71,2707	69,6308
Average year rate	70,4084	68,4004
US Dollar / Egypt pound		
31 December	16,0672	-
Average year rate	16,8082	-
US Dollar / Kazakhstan tenge		
31 December	379,2550	376,1810
Average year rate	346,0960	339,7905
US Dollar / Kyrgyz som		
31 December	69,6695	69,8375
Average year rate	70,1747	62,7076

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3.3. Intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated impairment losses. The SmartVista software is an intangible asset with an indefinite useful life and is represented by licenses and software. The Group tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount to its carrying amount at each balance sheet date. According to the test results, if the book value of the asset cannot be fully recovered through its continued use or through sale, it is recognized that the intangible asset is impaired and the impairment loss is recognized either in the statement of profit or loss and other comprehensive income or in the revaluation reserve in the statement of financial position. The useful life of an intangible asset that does not accrue depreciation is analyzed in each period to determine whether events and circumstances continue to confirm an estimate of the useful life of the asset as uncertain.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Estimated useful lives for intangible assets (except of SmartVista software):

Software	1-5 years
Licenses	1-3 years
Other	1-3 years

3.4. Property, plant and equipment

Property, plant and equipment are measured at cost less any accumulated depreciation and accumulated impairment losses. Expenses directly related to acquisition of fixed assets are included in cost.

Income/loss from disposal of fixed assets is determined by comparison of income from disposal and carrying amount of fixed assets and is accounted for in a contracted form along with other income in income/loss.

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Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Estimated terms of useful life for current and comparative periods are the following:

Land and buildings	5 - 10 years
Machinery	1 - 5 years
Vehicles	3 - 7 years
Other PPE	1 - 5 years

3.5. Impairment of non-current non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3.6. Leasing***Identifying Leases***

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Group obtains substantially all the economic benefits from use of the asset; and
- (c) The Group has the right to direct use of the asset.

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The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the incremental borrowing rate of the company on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to exercise that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the revised discount rate at the date of reassessment. The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised, discounted at the discount rate determined at the commencement date. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy

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- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the group by the lessor, the group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and does not account separately for, any services provided by the supplier as part of the contract.

Finance leasing

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

3.7. Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories include goods purchased and held for resale, and supply.

Cost of goods purchased and held for resale, and supply includes all costs of purchase, processing and other costs incurred to bring them to their current condition and current location and includes cost of basic materials, custom duties, transport charges, cost of handling operations, direct labor expenditures, and relevant part of indirect manufacturing overheads.

Costs of inventories are determined on weighted average cost basis.

3.8. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3.8.1. Financial assets

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

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The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Group commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Group's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the consolidated statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets - impairment - credit loss allowance for ECL

From 1 January 2018, the Group assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables the Group applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Group determines low credit risk financial assets.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (eg profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Group. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

3.8.2. Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

3.8.3. Offsetting of financial instruments

Financial assets and financial liabilities are offset when and only when there is a legal right to offset amounts and when there is an intention to realize and to settle obligations simultaneously or to cross-cancel them.

3.9. Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See Note 6 Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

3.10. Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible (up to 3 months) to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.11. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.12. Income tax

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

3.13. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in compliance with Russian Tax law. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Payment of dividends

Payment of dividends to owners is recognized as liability in the consolidated financial statements for the period in which dividends were declared and approved.

3.14. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Sales of goods are recognised at the point in time when the Group satisfies its performance obligation by transferring control over the promised goods to the customer, which is usually when the goods are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the goods.

Rendering of services

Revenue from rendering of services is recognised over time while the Group satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

To the extent that payments have been received in advance for licenses, where practical acceptance has not yet been reached, these amounts are recognized as advances received. Where the practical acceptance has been reached, but the general agreement includes also implementation of licensed software the revenue from sale of licenses is recognized in the amount of license price less any contractual penalties for non-compliance with other contract provisions (including implementation).

Software implementation services

The lack of a developed management information system, which would allow estimating the project completion costs, makes it impossible to use the revenue recognition based on the percentage of completion at the balance sheet date. Due to this fact revenue from implementation of the Group for projects in progress as at reporting date is recognized solely to the extent that the actual costs incurred on delivering the service (project costs) are recoverable. All profit from the transaction is solely recognized upon completion of each individual project, when all required criteria for revenue recognition are complied with.

Software maintenance services

Maintenance income is recognized over the period to which it relates provided that the revenue can be measured reliably, it is probable that the economic benefits of the work performed will flow to the Group and the costs involved in fulfilling the maintenance can be measured and it is probable that the maintenance will be completed.

3.15. Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.16. Labor cost

Payroll, social security, payments to defined contributions state retirement benefit plans, annual vacation and sick leave payments, bonuses and non-cash benefits (such as health care) are accrued in the reporting period in which Company employees are provided the services determining the amounts of such remunerations.

3.17. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.18. Adoption of new and revised IFRSs

a) New standards, interpretations and amendments effective from 1 January 2019

- IFRS 16 Leases (IFRS 16); and
- IFRIC 23 *Uncertainty over Income Tax Treatments* (IFRIC 23)

The Group considers that the changes in IFRIC 23 does not have a material effect on the consolidated financial statements for the year ended 31 December 2019.

The Group adopted IFRS 16 with a transition date of 1 January 2019. The Group has chosen not to restate comparatives on adoption of standard and, therefore, the revised requirements are not reflected in the prior year financial statements.

Details of the impact IFRS 16 Leases has had are given in the note 15 and below.

Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilised

The Group adopted IFRS 16 without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- (a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- (c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- (d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

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As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

Other new and amended standards and Interpretations issued by the IASB that are effective for the first time in the current annual financial statements (listed below), do not impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies. These are:

- IFRS 9 (2014) Financial Instruments (Amendment - Prepayment Features with Negative Compensation and Modification of Financial Liabilities)
- IAS 28 Investments in Joint Ventures (Amendment - Long-term Interests in Associates and Joint Ventures)
- Annual Improvements to IFRSs 2015 - 2018 Cycle (IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes, IAS 23 Borrowing Costs)
- IAS 19 Employee Benefits (Amendment - Plan Amendment, Curtailment or Settlement)

b) New standards, interpretations and amendments issued not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2020, except of IFRS 17 Insurance contracts:

- IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment - Definition of Material);
- IFRS 3 Business Combinations (Amendment - Definition of Business)
- Revised Conceptual Framework for Financial Reporting;
- IFRS 17 Insurance contracts (effective from 1 January 2021).

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the consolidated financial statements of the Group.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies which are described in the Note 3, the directors are required to make judgments, 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. Revision of accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the critical judgments, apart from those involving estimations, that the management have made in the process of applying the Group's accounting policies that has the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue recognition

Management uses critical judgment in applying accounting policies in respect of revenue recognition policy for sale of software licenses. Each contract for provision of services for software configuration and installation and sale of software license is a subject to management's review on the basis of technical feasibility as to whether the components are essential for the functionality of the project or whether they could technically be foregone.

To determine whether individual contractual elements are essential for the "technical feasibility" of the overall objective (irrespective of the number of contracts to which the service components relate), the contractual components of projects are reviewed by management as follows:

- Software licenses are a contractual component if the software is not able to be used sensibly by the customer without the contractually defined customization, although the duty to supply the software licenses is fulfilled upon insurance of the software to the customer.
- A service is a contractual component if the service directly connected with the implementation of the entire project (services directly linked to first-time software licensing such as installation, training for new licenses, consulting services in the software development phase and other).

If services/contractual elements are so closely interrelated that separate performance would not be operatively possible (technical realization) and thus separate accounting would not make economic sense, each relevant contract is reviewed with regard to potentially combining it with other contracts. In case if separate negotiations were held for each individual contractual service; both the customer and the contractor were able to separately accept and/or reject components of the contract relating to the individual contractual services and the costs and revenues of each asset/service can be identified, the contract is segmented and revenue is separately recognized for each service/asset.

Contracts concluded by the Group in CIS countries are subject to local legislation. According to local legislation of those countries, property rights for software license are transferred to the client together with all risks and rewards resulted from ownership at the moment, when the client approves acceptance report for license thereby confirming the fact that software was actually received by customer. This usually takes place at the beginning of contract realization before the commencement of implementation phase. From the legal point of view, even if the contract is terminated due to the supplier's failure to fulfill the contract's obligation after the software acceptance report was approved by both parties, customer has no legal right to request the license return, since the software acceptance report is the irrefutable fact that supplier had discharged his obligation in respect of this part of the contract. Therefore revenue from the sale of license is recognized at the moment of client's approval of license acceptance report, as there is no risk of license withdrawal.

Contracts concluded by the Group in other countries are subject to legislation of respective countries. Generally the business practice is that customers do not sign the formal acceptance report for license.

Also acceptance usually takes place at the beginning of contract realization before the commencement of implementation phase and is followed by the invoice for payment of bulk of license price. The revenue in such cases is recognized as the total price of license as per contract less any contractual penalties, which might be paid by the Group under limited liability provisions in contracts (usually 15-20% of the license price), upon acceptance of invoice by the customer.

Depreciation

The Group charges depreciation based on the estimated useful life of its fixed assets. These estimates are based on management's knowledge of assets and the use to which they are put. Estimates of useful lives are reviewed on an annual basis.

Allowance for doubtful receivables

The Group makes allowance for doubtful receivables to account for estimated losses resulting from the inability of customers to make required payments. When evaluating the adequacy of an allowance for doubtful debts, management bases its estimates on the current overall economic conditions, the ageing of accounts receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the allowance for doubtful accounts recorded in the consolidated financial statements.

Provision of warranty claims

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, the probability that an outflow of resources will be required in settlement is determined by considering the class of obligations as a whole. The Group recognizes the estimated liability to repair or replace products sold still under warranty at the reporting date. This provision is calculated based on past history of the level of repairs and replacements.

Deferred tax assets

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The estimation of that probability includes judgments based on the expected performance. Various factors are considered to assess the probability of the future utilization of deferred tax assets, including past operating results, operational plans, expiration of tax losses carried forward, and tax planning strategies. If actual results differ from that estimates or if these estimates must be adjusted in future periods, the financial position, results of operations and cash flows may be negatively affected.

5. Revenue

	For the year ended 31 December	
	2019	2018
Software implementation	40 507	37 472
Revenue from license sales	22 852	23 240
Revenue from software maintenance	25 914	20 024
Other revenue	518	1 168
Total revenue	89 791	81 904

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6. Cost of sales

	For the year ended 31 December	
	2019	2018
Salary remuneration and social securities	(11 163)	(8 526)
Services, provided by subcontractors	(6 777)	(4 173)
Travel expenses	(2 538)	(2 524)
Rent	(2 126)	(2 292)
Depreciation	(1 071)	(601)
Accrued expenses for unused vacation	(1 031)	(893)
Material costs	(568)	(662)
License royalties and software implementation	(351)	(1 410)
Transport expenses	-	(2)
Other direct expenses	(489)	(377)
Total cost of sales	(26 114)	(21 460)

7. Selling and marketing expenses

	For the year ended 31 December	
	2019	2018
Travel expenses	(7 080)	(6 337)
Salary remuneration and social securities	(7 072)	(8 027)
Forums and conferences	(1 103)	(1 501)
Communication	(827)	(380)
Rent	(231)	(90)
Accrued expenses for unused vacation	(171)	(163)
Advertising	(32)	(21)
Transport expenses	(18)	(16)
Other selling and marketing expenses	(664)	(338)
Total selling and marketing expenses	(17 198)	(16 873)

8. General and administrative expenses

	For the year ended 31 December	
	2019	2018
Management services	(4 791)	(5 198)
Salary remuneration and social securities	(1 738)	(1 583)
Other taxes	(857)	(1 166)
Communication	(855)	(753)
Law and audit services	(659)	(971)
Depreciation	(560)	(317)
Other professional services	(404)	(328)
Insurance	(398)	(323)
Bank services	(393)	(373)
Travel expenses	(354)	(291)
Material costs	(227)	(435)
Accrued expenses for unused vacation	(132)	(105)
Rent	(61)	(72)
Other general and administrative expenses	(452)	(356)
Total general and administrative expenses	(11 881)	(12 271)

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9. Other operating income/(expenses), net

	For the year ended 31 December	
	2019	2018
Write-off of (receivables) / payables	142	(456)
Impairment of an intangible asset	(1 525)	-
Gain / (losses) of previous years	(745)	(1 556)
Change in provision for doubtful debts	(491)	481
Other taxes	(50)	(36)
Other income / (expenses), net	18	501
Total other operating expenses, net	(2 651)	(1 066)

10. Interest expenses

	For the year ended 31 December	
	2019	2018
Discounting of long-term payable	(2 172)	(2 479)
Loans and borrowings	(445)	(254)
Finance lease	(107)	-
Total interest expenses	(2 724)	(2 733)

11. Gain / (losses) on disposal of subsidiaries

In 2019, the Group liquidated the subsidiary BPC AFRICA (PTY) LTD. As a result of the liquidation, the Group recognized a loss of 393 thousand dollars as part of the item "Gain / (losses) on disposal of subsidiaries, net" of the consolidated statement of profit or loss and other comprehensive income.

In 2018, the Group liquidated the subsidiary BPC - USA, Inc. According to the laws of USA, the company receives a certificate of liquidation before it completes the relationship with its customers and suppliers. After liquidation, it is given several years to reassure all relations with counterparties and close accounting. The consolidated statement of financial position has not material figures "Cash and cash equivalents" of BPC - USA, Inc. as of December 31, 2018. In 2019, the Group closed the accounting of BPC - USA, Inc. and recognized a loss of 69 thousand dollars as part of the item "Gain / (losses) on disposal of subsidiaries, net" of the consolidated statement of profit or loss and other comprehensive income.

In 2018, the Group sold 100% of the issued share capital in subsidiary company Service center BPC, LLC to the third party for a cash consideration of 0.16 thousand dollars. As a result of the sale of the subsidiary in the capital, the Group recognized a gain of 235 thousand dollars as part of the item "Gain / (losses) on disposal of subsidiaries, net" of the consolidated statement of profit or loss and other comprehensive income.

In 2018, the Group liquidated the subsidiaries EPSL Efficient Payment Services Ltd and Smart Project (Private) Limited. As a result of the liquidation, the Group recognized a gain of 2 thousand dollars and 1 thousand dollars respectively as part of the item "Gain / (losses) on disposal of subsidiaries, net" of the consolidated statement of profit or loss and other comprehensive income.

The calculation of gain on disposal of subsidiaries in 2019 is presented below:

	As of the date of disposal
The carrying value of the net assets of BPC AFRICA (PTY) LTD	(393)
The carrying value of the net assets of BPC - USA, Inc.	(69)
Loss on disposal of subsidiaries, net	(462)

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The calculation of gain on disposal of subsidiaries in 2018 is presented below:

	As of the date of disposal
Income from the sale of Service center BPC, LLC	-
The carrying value of the net assets of Service center BPC, LLC	235
The carrying value of the net assets of EPSL Efficient Payment Services Ltd	2
The carrying value of the net assets of Smart Project (Private) Limited	1
Gain on disposal of subsidiaries, net	<u>238</u>

12. Income tax expense

	For the year ended 31 December 2019	2018
Current tax expense	(1 532)	(1 088)
Deferred tax expense	(1 868)	(3 536)
Total income tax expense	<u>(3 400)</u>	<u>(4 624)</u>

Reconciliation between theoretical and actual income tax

	For the year ended 31 December 2019	2018
Profit before income tax	19 250	18 665
Income tax, calculated at applicable tax rate in Netherlands and Russian Federation 20%	(3 850)	(3 733)
Effect of non-deductible expenses and non-taxable incomes	450	(891)
Total income tax expense	<u>(3 400)</u>	<u>(4 624)</u>

Current income tax rate in the Russian Federation and the Netherlands is 20% (Singapore - 17%, Ukraine - 18%, Switzerland -12%, Cyprus - 12.5%, Hungary - 9%, United Kingdom - 19%). Management of the Group considers the effect of different tax rates of subsidiaries operation in other jurisdictions to be insignificant in 2019.

Under certain conditions interest income may be subject to defense contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defense contribution at the rate of 17%.

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Deferred tax assets and liabilities arose on the following items of the consolidated statement of financial position:

	Balance at 31 December 2019	The amount of the deferred tax income or expense recognized in profit or loss	Translation difference	Balance at 31 December 2018	The amount of the deferred tax income or expense recognized in profit or loss	Translation difference	Balance at 31 December 2017
Intangible assets	(10 446)	(2 275)	(1 221)	(6 950)	(2 910)	1 427	(5 467)
Property, plant and equipment	(289)	(310)	(14)	35	0	35	-
Inventories	6	(3)	9	0	2	0	(2)
Trade and other receivables	(643)	535	2	(1 180)	(552)	(2)	(626)
Other current assets	0	(65)	0	65	89	0	(24)
Short-term loans issued	(576)	(143)	(10)	(423)	503	2	(928)
Trade and other payables	312	392	23	(103)	(615)	(37)	549
Provisions	2	0	2	0	0	(2)	2
Other	(84)	1	(33)	(52)	(53)	4	(3)
Total deferred tax assets/ (liabilities)	(11 718)	(1 868)	(1 242)	(8 608)	(3 536)	1 427	(6 499)

In current Group structure tax losses and current income tax assets of Group companies cannot be set off against current income tax liabilities and taxable profit of other Group companies. So the Group does not offset deferred income tax assets and deferred income tax liabilities of different Group companies.

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Notes to the consolidated financial statements for the year ended 31 December 2019

*(in thousands of USD unless otherwise stated)***13. Operating lease**

The Group leases mostly office premises. The operating lease agreements have similar terms and renewal options and are concluded for the period less than 1 year. Upon expiry of the agreement, the lessor has the preferential right to conclude a lease agreement for a new term.

Payments recognized as an expense:

	For the year ended 31 December	
	2019	2018
Minimum lease payments	2 418	2 454
Total lease payments	2 418	2 454

14. Intangible assets

	SmartVista Software	Other Licenses and Software	Total
Cost at 31 December 2017	78 338	532	78 870
Additions	17 030	1 177	18 207
Disposals	(81)	(77)	(158)
Translation difference	(8 238)	(249)	(8 487)
Cost at 31 December 2018	87 049	1 383	88 432
Additions	13 835	632	14 467
Impairment	(1 525)	-	(1 525)
Disposals	(544)	(39)	(583)
Translation difference	5 953	97	6 050
Cost at 31 December 2019	104 768	2 073	106 841
Accumulated amortization at 31 December 2017	(19 172)	(148)	(19 320)
Additions	-	(360)	(360)
Disposals	77	77	154
Translation difference	1 416	61	1 477
Accumulated amortization at 31 December 2018	(17 679)	(370)	(18 049)
Additions	-	(497)	(497)
Disposals	26	41	67
Translation difference	(475)	8	(467)
Accumulated amortization at 31 December 2019	(18 128)	(818)	(18 946)
Carrying cost at 31 December 2017	59 166	384	59 550
Carrying cost at 31 December 2018	69 370	1 013	70 383
Carrying cost at 31 December 2019	86 640	1 255	87 895

As part of the category of licenses accounted for Software License «SmartVista», capitalized expenditure on wages of specialists involved in the development of new components and software blocks at its base, as well as other Group license.

SmartVista is a suite of software solutions designed to meet the end to end needs of companies operating in the payments market.

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In December of 2012 the Group bought two cores of SmartVista software: SmartVista Front-end, SmartVista Back-office, - and SmartVista Processing Software from the parent company Intellectual Capital Private Foundation for USD 56 850 thousand payable evenly till 31 December 2023 with the first payment before 31 December 2013. Purchase price was determined based on the appraisal report, prepared by Swiss Appraisal Russia LLC. The initial value of the license is the present value of payments to Intellectual Capital Private Foundation discounted at the average rate for long-term unsecured borrowings - 11,5%.

SmartVista software includes costs of employee benefits arising from the generation of the intangible asset (new modules for SmartVista software). In 2019, capitalized expenses amounted to USD 13 835 thousand, in 2018 - USD 17 030 thousand.

The remaining amortization period of SmartVista software was 6 years as at December 31, 2016. The Group changed estimates of judgments in respect of SmartVista software and the useful life became uncertain beginning January 1, 2017.

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15. Property, plant and equipment

	Land and buildings	Machinery and equipment	Vehicles	Office equipment	Other PPE	Total
Cost at 31 December 2017	-	620	152	1 265	19	2 056
Additions	-	571	-	609	10	1 190
Disposals	-	-	(22)	3	-	(19)
Translation difference	-	(353)	(17)	(172)	(5)	(547)
Cost at 31 December 2018	-	838	113	1 705	24	2 680
Additions	302	2 137	-	242	5	2 686
Disposals	-	-	-	(19)	-	(19)
Translation difference	-	172	14	95	3	284
Cost at 31 December 2019	302	3 147	127	2 023	32	5 631
Accumulated amortization at 31 December 2017	-	(512)	(135)	(676)	(17)	(1 340)
Amortization for the year	-	(187)	(1)	(368)	(2)	(558)
Disposals	-	-	7	13	-	20
Translation difference	-	306	16	71	2	395
Accumulated amortization at 31 December 2018	-	(393)	(113)	(960)	(17)	(1 483)
Amortization for the year	(181)	(546)	-	(406)	(1)	(1 134)
Disposals	-	-	-	15	-	15
Translation difference	-	(70)	(14)	(64)	(3)	(151)
Accumulated amortization at 31 December 2019	(181)	(1 009)	(127)	(1 415)	(21)	(2 753)
Carrying amount 31 December 2017	-	108	17	589	2	716
Carrying amount 31 December 2018	-	445	-	745	7	1 197
Carrying amount 31 December 2019	121	2 138	-	608	11	2 878

Property, plant and equipment were not pledged as at 31 December 2019 and 2018.

For the period ended 31 December 2019, assets arising from leases where the Group is a lessee have been accounted for under IFRS 16 in line "Land and buildings" in the amount of USD 121 thousand.

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Notes to the consolidated financial statements for the year ended 31 December 2019

*(in thousands of USD unless otherwise stated)***16. Short - and long-term loans issued**

	As at 31 December	
	2019	2018
Loans issued to related parties	3 549	5 619
Loans issued to third parties	229	166
Loans issued to management	121	42
Loans issued to employees	47	43
Total loans issued	3 946	5 870
Long-term loans issued	2 782	309
Short-term loans issued	1 164	5 561
Total loans issued	3 946	5 870

The fair values of these loans do not differ significantly from its carrying amounts.

17. Inventories

	As at 31 December	
	2019	2018
Work in process	575	845
Other inventories	117	24
Total inventories	692	869
Impairment to net realizable value	-	-
Total inventories less impairment to net realizable value	692	869

18. Trade and other receivables and advances given

	As at 31 December	
	2019	2018
Trade receivables	25 293	21 467
Trade receivables from related parties	134	176
Other receivables from third parties	1 083	891
Tax receivables	2 282	1 146
Receivables from discontinued operations or disposal groups (IFRS 5)	-	-
Total trade and other receivables	28 792	23 680
Bad debt allowance	(413)	(62)
Total trade and other receivables net of bad debt allowance	28 379	23 618

Advances given

	As at 31 December	
	2019	2018
Advances given to third parties	2 503	1 894
Advances given related parties	3 112	633
Total advances given	5 615	2 527
Bad debt allowance	(40)	(36)
Total advances given net of bad debt allowance	5 575	2 491

The fair values of these receivables do not differ significantly from its carrying amounts.

BPC BT HOLDING LTD

Notes to the consolidated financial statements for the year ended 31 December 2019

*(in thousands of USD unless otherwise stated)***Bad debt allowance**

	As at 31 December	
	2019	2018
Opening balance	(98)	(1 439)
Increase in bad debt allowance	(375)	(12)
Utilization	33	732
Recovered	15	493
Translation differences	(28)	128
Closing balance	(453)	(98)

All receivables are to be settled within 12 months after reporting date.

The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right to offset any amounts owed by the Group to the counterparty with amounts owed to the Group.

The Group has recognized an allowance for doubtful debts of 100% against all receivables past due over 365 days because historical experience has been that receivables which are past due beyond 365 days are not recoverable.

19. Cash and cash equivalents

	As at 31 December	
	2019	2018
Current bank accounts (Euro)	3 540	1 251
Current bank accounts (US Dollars)	3 501	4 976
Current bank accounts (Russian Rubles)	1 753	2 584
Current bank accounts (Other currency)	507	217
Current bank accounts (Ukrainian Hryvnas)	268	389
Current bank accounts (Singaporean Dollars)	12	51
Current bank accounts (Vietnamese Dongs)	7	58
Other cash and cash equivalence	7	2
Total cash and cash equivalents	9 595	9 528

Cash and cash equivalents of the Group are mainly held in following banks:

	Moody's	Fitch rating
JSC Avangard	B2	-
Citibank	Ba1	BBB-
Sberbank	Baa3	BBB-
ING Bank	Aa3	AA-

20. Capital and reserves

Share capital of BPC BT HOLDING LTD comprises of 1 010 ordinary shares with par value EUR 1, which were paid by BPC GROUP HOLDING LTD as at December 31, 2017.

BPC GROUP HOLDING LTD sold 1 009 ordinary shares of the issued share capital of BPC BT HOLDING LTD to A.I. Loginov dated 25 July 2018. A.I. Loginov became a 100% owner of BPC BT HOLDING LTD.

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(in thousands of USD unless otherwise stated)

On 31 December 2018, the Company issued 990 ordinary shares of nominal value EUR1 each at a premium of EUR 5,815 each. Share capital of BPC BT HOLDING LTD became 2 000 ordinary shares with par value EUR 1 as at December 31, 2018.

There were no changes in the capital in 2019.

21. Short-term loans and borrowings

	As at 31 December	
	2019	2018
Borrowings from third parties	7 730	5 091
Loans received from related parties	-	225
Total short-term loans and borrowings	7 730	5 316

The fair values of loans and borrowings received do not differ significantly from its carrying amounts.

22. Trade and other payables, advances received**Trade and other payables**

	As at 31 December	
	2019	2018
Trade payables to related parties	21 717	26 264
Payables to employees	6 559	6 431
Tax payables	1 893	1 239
Trade payables to third parties	1 069	1 003
Other accounts payable	907	721
Total trade and other payables	32 145	35 658
Long-term trade and other payables	11 229	14 228
Short-term trade and other payables	20 916	21 430
Total trade and other payables	32 145	35 658

Trade payables to related parties include short-term and long-term liabilities for purchase of the SmartVista software in amount of USD 10 428 and USD 11 229 as at 31 December 2019 and USD 11 546 and USD 14 228 as at 31 December 2018.

The fair values of these payables do not differ significantly from its carrying amounts.

Advances received

	As at 31 December	
	2019	2018
Advances received from third parties	7 548	6 680
Total advances received	7 548	6 680

23. Provisions**Provisions for warranty service**

	2019	2018
Opening balance	-	-
Charged to profit or loss	-	-
Translation differences	-	-
Closing balance	-	-

BPC BT HOLDING LTD

Notes to the consolidated financial statements for the year ended 31 December 2019

(in thousands of USD unless otherwise stated)

24. Finance lease payables

2019	Minimum lease payments	Interest expenses	Present value of minimum lease payments
Less than 1 year	450	109	341
1 to 5 years	1 263	153	1 110
	<u>1 713</u>	<u>262</u>	<u>1 451</u>
2018	Minimum lease payments	Interest expenses	Present value of minimum lease payments
Less than 1 year	53	3	50
	<u>53</u>	<u>3</u>	<u>50</u>

The Group did not conclude sublease agreements in the reporting and prior periods.

Under finance leases, the Group acquired program hardware system and cars. The term of the lease agreements did not exceed 5 years.

25. Financial instruments**Categories of financial instruments**

	As at 31 December	
	2019	2018
Financial assets - loans and receivables		
Loans issued	3 946	5 870
Trade and other receivables less tax receivables	26 097	22 472
Financial assets - cash and cash equivalents		
Cash and cash equivalents	9 595	9 528
Total financial assets	<u>39 638</u>	<u>37 870</u>
Financial liabilities - carried at amortized cost		
Short-term loans and borrowings	7 730	5 316
Finance lease payables	1 451	53
Trade and other payables less tax payables	30 252	34 419
Total financial liabilities	<u>39 433</u>	<u>39 788</u>

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2009.

The capital structure of the Group consists of debt (borrowings and financial lease payable as detailed in Notes 21 and 24 offset by cash and bank balances disclosed in Note 19) and equity (comprising issued capital, translation reserve and retained earnings). The Group finances its business by equity and at all reporting dates the Group's cash exceeded its debt.

The Group is not subject to any externally imposed capital requirements. Management reviews the capital structure of the Group on annual basis.

BPC BT HOLDING LTD

Notes to the consolidated financial statements for the year ended 31 December 2019

(in thousands of USD unless otherwise stated)

The ratio of net debt to equity of the Group on reporting dates was as follows:

	As at 31 December	
	2019	2018
Short-term loans and borrowings	7 730	5 316
Finance lease payables	1 451	53
Cash and cash equivalents	(9 595)	(9 528)
Net debt	(414)	(4 159)
Capital and reserve	74 258	55 465
Total capital involved	74 258	55 465
The ratio of net debt to capital involved, %	n/a	n/a

Financial risk management

The Company's activities expose it to a variety of financial risks: foreign exchange risk, interest rate risk, commodity price risk, credit risk and liquidity risk. On the whole, the Company's risk management system focuses on unpredictability of financial markets and is aimed to minimize its potential negative impact on the Company's financial results.

Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's overall strategy is to reduce the foreign exchange risk arising from currencies other than functional. Besides, the Company does not use forward currency contracts.

Financial assets and financial liabilities of the Group companies are denominated in US dollars, Euro, Russian ruble, Ukrainian hryvna, Vietnamese Dong, Philippine Peso, Hungarian Forint, Belarusian Rubles, Indian Rupee, Egypt pound, Kazakhstan tenge, Kyrgyz som, but for the purpose of currency risk management monitors rate changes only to the Russian Ruble, US Dollar and Euro.

Below are the financial assets and liabilities are denominated in Russian rubles, US dollars and Euro, as well as the effect of increasing and decreasing the data exchange rates of 20% on the total income of the Group.

	RUR	USD	EURO
Total financial assets at 31.12.2019	23 697	18 294	3 035
Long-term loans issued	2 730	52	-
Short-term loans issued	325	149	690
Trade and other receivables	13 305	12 446	1 099
Advances given	724	4 434	223
Cash and cash equivalents	6 613	1 213	1 023
Total financial liabilities at 31.12.2019	(11 346)	(30 001)	(6 554)
Long-term trade and other payables	-	(11 229)	-
Long-term finance lease payables	(1 110)	-	-
Short-term loans and borrowings	(2 230)	-	(5 500)
Trade and other payables	(6 256)	(13 354)	(620)
Advances received	(1 441)	(5 418)	(434)
Short-term finance lease payables	(309)	-	-
Net financial assets (liabilities) on 31.12.2019	12 351	(11 707)	(3 519)
Effect of exchange rate on income: increasing the rate at 20 %	2 470	(2 341)	(704)
Effect of exchange rate on income: decrease the rate at 20 %	(2 470)	2 341	704

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Notes to the consolidated financial statements for the year ended 31 December 2019

*(in thousands of USD unless otherwise stated)***Interest rate risk**

The Group's exposure to interest rate risk is not significant considering the low level of loans and borrowing and fixed interest rate for that debt.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial assets, on which the Company potentially assumes credit risk, are mainly represented by trade receivables, cash and cash equivalents and loans issued.

	As at 31 December	
	2019	2018
Cash and cash equivalents	9 595	9 528
Trade and other receivables less tax receivables	26 097	22 472
Loans issued	3 946	5 870
Total financial assets imposed to credit risk	39 638	37 870

Credit risks relating to accounts receivable are regularly reviewed to establish whether creation of a bad debt allowance is necessary. Net receivables, less bad debt allowance, is the maximum amount exposed to credit risk. There were no receivables past due but not impaired.

Although collection of receivables is influenced by economic factors, management believes that a significant risk of loss to the Company beyond the allowance for impairment of receivables is minimal as goods are sold and services are provided to customers with appropriate credit history. The Company's management does not question the solvency of the majority of its customers.

The Company does not issue or hold financial instruments for hedging or trading purposes. The Company's receivables are not secured. The Company has no material concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset recognized in the balance sheet.

Liquidity risk

Liquidity risk is the risk that the Company will not be able in certain circumstances to settle all its liabilities when they fall due.

Prudent liquidity risk management includes maintaining sufficient cash and availability of funding from an adequate amount of committed credit resources. The Company maintains flexibility in funding by borrowing from related parties.

The Company uses cash flow budgeting and forecasting procedures to make sure that it has sufficient cash available to meet its obligations in due time.

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Group may be required to pay.

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Notes to the consolidated financial statements for the year ended 31 December 2019

*(in thousands of USD unless otherwise stated)***Period to maturity analysis**

	<u>Carrying amount</u>	<u>Nominal value</u>	<u>Less than 6 months</u>	<u>6 months to year</u>	<u>1-5 years</u>
31 December 2019					
Non interest bearing					
Trade and other payables less tax payables	30 252	27 901	2 060	10 336	15 505
Interest bearing					
Loans and borrowings received	7 730	7 730	7 730	-	-
Finance lease	1 451	1 713	225	225	1 263
Total financial liabilities	<u>39 433</u>	<u>37 344</u>	<u>10 015</u>	<u>10 561</u>	<u>16 768</u>

	<u>Carrying amount</u>	<u>Nominal value</u>	<u>Less than 6 months</u>	<u>6 months to year</u>	<u>1-5 years</u>
31 December 2018					
Non interest bearing					
Trade and other payables less tax payables	34 419	33 936	2 927	10 336	20 673
Interest bearing					
Loans and borrowings received	5 316	5 316	5 316	-	-
Finance lease	53	53	26	27	-
Total financial liabilities	<u>39 788</u>	<u>39 305</u>	<u>8 269</u>	<u>10 363</u>	<u>20 673</u>

26. Geographical information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of the Group performance focuses on geographical areas of operations. The Group's reportable geographical areas are as follows:

- Europe - The Netherlands, Switzerland, Cyprus, Hungary, United Kingdom,
- CIS - Russia, Ukraine, Belarus, Kazakhstan, Kyrgyzstan,
- Asia - Vietnam, Philippines, India, Singapore and UAE,
- USA,
- Africa - Republic of South Africa, Egypt.

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Notes to the consolidated financial statements for the year ended 31 December 2019
(in thousands of USD unless otherwise stated)

Comparative information for the year ended 31 December 2019:

	Europe	CIS	Asia	USA	Africa	Intersegment	Total
Revenue	61 524	75 847	24 838	-	105	(72 523)	89 791
Cost of sales	(41 321)	(47 155)	(10 134)	(2)	(25)	72 523	(26 114)
Gross profit margin	20 203	28 692	14 704	(2)	80	-	63 677
Research and development	(2 836)	(6 931)	(524)	-	(8)	-	(10 299)
Selling and marketing expenses	(8 224)	(1 048)	(7 926)	-	-	-	(17 198)
General and administrative expenses	(2 865)	(7 503)	(1 499)	(1)	(13)	-	(11 881)
Other operating income/(expenses)	(2 418)	(269)	16	(5)	25	-	(2 651)
Operating profit	3 860	12 941	4 771	(8)	84	-	21 648
Net foreign exchange gain/(loss)	72	427	(68)	-	14	-	445

Comparative information for the year ended 31 December 2018:

	Europe	CIS	Asia	USA	Africa	Intersegment	Total
Revenue	53 943	64 061	17 907	63	820	(54 890)	81 904
Cost of sales	(35 827)	(35 431)	(6 558)	1 885	(419)	54 890	(21 460)
Gross profit margin	18 116	28 630	11 349	1 948	401	-	60 444
Research and development	(1 862)	(6 155)	(618)	-	(53)	-	(8 688)
Selling and marketing expenses	(7 402)	(1 569)	(7 688)	(49)	(165)	-	(16 873)
General and administrative expenses	(2 694)	(7 564)	(1 941)	(40)	(32)	-	(12 271)
Other operating income/(expenses)	(1 945)	483	432	2	(38)	-	(1 066)
Operating profit	4 213	13 825	1 534	1 861	113	-	21 546
Net foreign exchange gain/(loss)	41	(1 261)	(14)	-	(24)	-	(1 258)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in the Note 3. Operating profit for each segment is the measure reported to chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

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Notes to the consolidated financial statements for the year ended 31 December 2019

*(in thousands of USD unless otherwise stated)***27. Related party transactions**

Balances and transactions between the entities, the consolidated financial statements of which are consolidated and which are related individually have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

During the year, group entities entered into the following trading transactions with related parties that are not members of the Group:

Sale of goods and rendering of services

Related parties	Nature of related parties relationship	For the year ended 31 December	
		2019	2018
COMPEX, LLC managing company	Under common control	-	478
Total sales to related parties		-	478

Purchases

Related parties	Nature of related parties relationship	For the year ended 31 December	
		2019	2018
BPC, LLC managing company	Under common control	4 682	5 119
Total purchases from related parties		4 682	5 119

Other transactions

Transaction	For the year ended 31 December	
	2019	2018
Finance expenses	(26)	(61)
Finance income	300	421
Total other transactions, net	274	360

Balances with related parties

Account	For the year ended 31 December	
	2019	2018
Trade and other payables (Note 22)	(21 717)	(26 264)
Trade and other receivables (Note 18)	134	176
Loans issued to related parties (Note 16)	3 549	5 619
Loans issued to management (Note 16)	121	42
Loans received from related parties (Note 21)	-	(225)
Advances given (Note 18)	3 112	633
Total balances with related parties	(14 801)	(20 019)

Remuneration of key management personnel

The remuneration of directors and other members of key management personnel during the year were as follows:

	For the year ended 31 December	
	2019	2018
Payroll and social taxes	4 081	3 405

28. Contingent liabilities**Business conditions and operating environment**

The Group, headquartered in Switzerland, has established a growing network of R&D and sales offices in countries all over the world: namely, Netherlands, Philippines, Russia, Singapore, Switzerland, UAE, Ukraine, Vietnam and other countries.

The continued world economic crisis results in instability of prices on energy supplies, capital markets, marked decline in liquidity in banking sector and less flexible lending conditions in CIS countries. Despite the fact that CIS countries proposed a wide range of stabilizing measures, which are aimed to maintain the liquidity and support the debt refinancing of CIS countries banks and companies, there remains an uncertainty in respect of access to capital and cost of capital for the Group and its counterparties that can affect the Group's financial position, its operations and business prospects.

Part of the Group's activities is held in Russian Federation, economy of which has faced some problems. Namely, starting from March 2014 the US and EU imposed a set of sanctions against some Russian officials, businessmen and companies. In return Russian Federation imposed a set of countersanctions against US and EU.

Management is unable to reliably determine the effects of any further deterioration in the Group's operating environment on the Group's future financial position and operating activities as a result of this situation. However, management of the Group believes that considering network of the Group's companies and international character of its activities this situation might has no significant influence on the Group's further financial performance and the sustainability and growth of the Group's business in the circumstances.

Lawsuits

As at 31 December 2019 and the date of the consolidated financial statements, the Group is not involved in lawsuits which could have any material impact on its consolidated financial statements.

Insurance

In the ordinary course of business the Group does not have any insurance covering its risks which could have an impact on the business of the Group and its financial position.

Tax legislation

Switzerland's tax system operates mostly on the cantonal level. The top effective federal income tax rate is 11.5 percent, and the combined rate can be over 40 percent. The federal corporate tax rate is 8.5 percent, but the combined rate can reach 24 percent. The tax burden is equal to 28.2 percent of the economy, and public expenditures are equivalent to 34.1 percent of domestic production.

The Netherlands' top individual income tax rate is 52 percent, and its top corporate tax rate is 25 percent. Other taxes include a value-added tax, environmental taxes, and inheritance taxes. Overall tax revenue equals 38.6 percent of domestic income, and government expenditures equal 50.4 percent of domestic output.

The Singapore's top individual income tax rate is 20 percent, and the top corporate tax rate is 17 percent. Other taxes include a value-added tax and a tax on property. The overall tax burden equals 14 percent of domestic production. Government expenditures are equivalent to 14.4 percent of the domestic economy.

The tax system of Russia is developing at the moment. Tax legislation changes often, official statements of legislative authorities may contain vague and contradictory points and may be interpreted differently by tax authorities. Calculation of taxes can be audited by tax authorities who, in accordance with legislation, are able to impose penalties on taxpayers. Tax authorities may audit calculation of taxes for the period of three years preceding current year, although in some cases this period can be increased.

Recent events indicate that tax authorities have begun to take more strict position toward compliance of tax payers with tax legislation. Due to all this facts tax risks in Russia may be much higher than in other countries.

Cyprus tax legislation is subject to varying interpretations. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the income tax authorities and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open for review by the taxation authorities in respect of taxes for the six calendar years preceding the year of review. Under certain periods reviews may cover longer periods.

In accordance with their interpretation of tax legislation, official statements of authorities and court decisions management of a company might presume that all tax liabilities are calculated and accrued correctly. At the same time tax authorities may have another interpretation of tax legislation, official statements of authorities and court decisions and in case they are able to insist on using of their interpretation it may significantly influence consolidated statement of financial position and consolidated statement of comprehensive income in accordance with IFRS.

29. Commitments for expenditures

There were no significant commitments for acquisition of property, plant and equipment as at 31 December 2019.

30. Events after reporting period

There were no significant events after the balance sheet date and before the date of approval of these consolidated financial statements was not.

Independent auditor's report on pages 7 to 9