Community Merchant Solutions, Ltd.

Consolidated Financial Statements
As of and for the Years Ended
December 31, 2014 and 2013

And

Report of Independent Public Accounting Firm

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Report of Independent Public Accounting Firm

To the Board of Directors and Shareholders of
Community Merchant Solutions, Ltd.

Report on the Financial Statements

We have audited the consolidated financial statements of Community Merchant Solutions, Ltd. which are comprised of the consolidated statement of financial position as of December 31, 2014 and 2013, and the related consolidated statements of profit or loss and other comprehensive income, changes in members' equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRS") and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Community Merchant Solutions, Ltd. as of December 31, 2014 and 2013, and of their financial performance and cash flows for the years then ended, in accordance with IFRS.

/s/ GregoryScott

Chicago, Illinois USA
March 30, 2015

Assets	Note	December 31, 2014	December 31, 2013
Noncurrent assets			
Intangible assets	**6**	$ 1,391,240	$ 1,364,150
Deferred financing costs	**2**	125,000	-
Property and equipment	**7**	64,374	113,968
Notes receivable	**9**	67,679	67,679
Deposit	**2**	6,260	-
Total noncurrent assets		**$ 1,654,553**	**$ 1,545,797**
Current assets			
Merchant contracts	**8**	$ 1,000,812	$ 1,079,060
Trade and other receivables	**9**	70,915	116,186
Prpaid expenses	**2**	15,000	-
Cash and cash equivalents	**2**	1,509	27,516
Total current assets		**$ 1,088,236**	**$ 1,222,762**
Total assets		**$ 2,742,789**	**$ 2,768,559**
Shareholders' Equity & Liabilities			
Shareholders' equity			
Share capital	**10**	$ 2,712,360	$ 2,584,860
Fair value reserve	**8**	51,415	79,730
Accumulated deficit	**8**	(145,347)	(85,743)
Total shareholders' equity		**$ 2,618,428**	**$ 2,578,847**
Noncurrent liabilities			
Notes payable	**11**	$ 16,837	$ 20,145
Total noncurrent liabilities		**$ 16,837**	**$ 20,145**
Current liabilities			
Accounts payable and accrued liabilities	**2**	$ 99,455	$ 160,996
Notes payable	**11**	8,069	8,571
Total current liabilities		**$ 107,525**	**$ 169,567**
Total liabilities		**$ 124,361**	**$ 189,712**
Total shareholders' equity and liabilities		**$ 2,742,789**	**$ 2,768,559**

The accompanying notes are in integral part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income
For the Years Ended December 31, 2014 and 2013

	Note	Year Ended December 31, 2014	2013
Revenue	**12**	**$ 3,020,935**	**$ 3,229,382**
Cost of sales	**13**	**$ (2,430,601)**	**$ (2,208,506)**
Gross profit		**$ 590,335**	**$ 1,020,876**
Operating expenses:			
Selling and distribution costs		$ (6,003)	$ (148,277)
Administrative expenses		(625,425)	(705,924)
Total operating expenses		**$ (631,428)**	**$ (854,200)**
Net operating inccome (loss)		$ (41,093)	$ 166,676
Finance costs			
Interest expense	**11**	$ (11,215)	$ (36,569)
Bank charges		(5,900)	(2,979)
Total finance costs		**$ (17,115)**	**$ (39,548)**
Income (loss) before income taxes		$ (58,208)	$ 127,128
Income taxes	**2**	$ (1,397)	$ -
Net income (loss) *		**$ (59,604)**	**$ 127,128**
Other comprehensive loss	**2**	$ (28,315)	$ (447,037)
Total comprehensive income (loss)		$ (87,919)	$ (319,909)
Earnings (loss) per share - basic and diluted		$ (0.003)	$ 0.006
Weighted average common shares outstanding		20,000,000	20,000,000

* The Company has presented the following supplemental disclosure of its operating profitability:

EBITDA	Year Ended December 31, 2014	2013
Net income (loss)	$ (59,604)	$ 127,129
Interest expense	11,215	36,569
Income taxes	1,397	24,909
Depreciation and amortization	104,741	75,349
Earnings before interest, taxes, depreciation and amortization	$ 57,748	$ 263,956

The accompanying notes are in integral part of the financial statements.

Statement of Changes in Members' Equity
For the Years Ended December 31, 2014 and 2013

	Note	Number of Shares	Share Capital	Fair Value Reserve	Accumulated Deficit	Total
Balance at January 1, 2013		20,000,000	$ 2,584,860	$ 526,767	$ (212,871)	$ 2,898,756
Revaluation of available for sale financial assets	**8**	-	-	(344,229)	-	$ (344,229)
Reclassification adjustment	**8**	-	-	(102,808)	-	$ (102,808)
Net income for the year ended December 31, 2013		-	-	-	127,128	$ 127,128
Balance at December 31, 2013		**20,000,000**	**$ 2,584,860**	**$ 79,730**	**$ (85,743)**	**$ 2,578,847**
Revaluation of available for sale financial assets	**8**	-	-	(28,315)	-	$ (28,315)
Capital contributions, net of financing costs	**8**	-	127,500	-	-	127,500
Net loss for the year ended December 31, 2014		-	-	-	(59,604)	(59,604)
Balance at December 31, 2014		**20,000,000**	**$ 2,712,360**	**$ 51,415**	**$ (145,347)**	**$ 2,618,428**

The accompanying notes are in integral part of the financial statements.

	Note	Year Ended December 31, 2014	2013
Cash flow from operating activities:			
Net income (loss)		$ (59,604)	$ 127,129
Adjustments to reconcile net income (loss)			
to net cash used in operating activities:			
Gain on assignment of merchant contract portfolios		(166,260)	(475,499)
Depreciation and amortization		104,741	75,349
Change in trade receivables		(12,479)	9,286
Change in prepaid expenses		(15,000)	-
Change in accounts payable and accrued liabilities		(40,337)	66,700
Net cash used in operating activities		**$ (188,939)**	**$ (197,034)**
Cash flow from investing activities:			
Purchase of property and equipment		$ (2,019)	$ (43,461)
Proceeds from assignment of merchant contract portfolios		166,260	255,323
Net cash providedd by investing activities		**$ 164,241**	**$ 211,862**
Cash flow from financing activities:			
Proceeds (payments) on notes payable		$ (3,810)	$ 4,980
Capital contributions, net of finance costs		127,500	-
Deferred financing costs		(125,000)	-
Net cash (used for) provided by financing activities		**$ (1,310)**	**$ 4,980**
Net change in cash and cash equivalents		$ (26,008)	$ 19,808
Cash and cash equivalents at beginning of the period		27,517	7,709
Cash and cash equivalents at end of the period		**$ 1,509**	**$ 27,517**
Interest paid		$ 11,215	$ 36,569
Taxes paid		$ -	$ -

The accompanying notes are in integral part of the financial statements.

1. Organization and Nature of Operations

Organization – Community Merchant Solutions, Ltd. ("CMS LTD") was incorporated in the British Virgin Islands as BVI Business Company on May 6, 2014, and on June 24, 2014 acquired 100% of the equity interest in Community Merchant Solutions, LLC ("CMS LLC") in exchange for 20,000,000 shares of its common stock.

International Financial Reporting Standards ("IFRS") classifies this transaction as a 'business combination involving entities under common control' because the combining entities are controlled by the same party both before and after each transaction, and there is no substantive change in the reporting entity or its assets and liabilities as a result of the transaction. Although IFRS does not address such transactions, it permits entities to apply either purchase accounting or the pooling-of-interests method to business combinations involving entities under common control, and requires entities to develop and apply consistently an accounting policy. As a result, management has elected the pooling-of interests method as described in *Note 2, Summary of Significant Accounting Policies: Common Control Merger Transactions*. Under the pooling method, the combining entities' results and financial positions are presented as if they had always been combined, and the shares issued by CMS LTD are presented as if they had always been in issue. Accordingly, the consolidated financial statements are presented with CMS LTD as the parent company of its CMS LLC subsidiary for all periods presented.

Collectively, the CMS LTD and its subsidiary are referred to as 'the Company' in the notes to the consolidated financial statements.

The Company was approved for listing on the National Stock Exchange of Australia on August 18, 2014 under the symbol CEI, and was admitted to the Frankfurt Stock Exchange on its Open Market Quotation Board on November 6, 2014 under the symbol 7CM.

Nature of Operations – CMS LLC is registered to conduct business in the United States of America as an Independent Sales Organization ("ISO"), primarily as a 'Merchant Acquirer' for credit and debit card point of sale ("POS") transactions for the small to midsized merchant market. CMS offers a full function, turnkey product to its merchant customers, utilizing all the elements of traditional bankcard processing while leveraging proprietary new technologies. The Company offers custom application development, virtual and electronic payment processing, gift and loyalty card programs, card personalization services, terminal deployment, direct mail and email marketing campaigns, and customer support. Material operations commenced in February 2007.

2. Summary of Significant Accounting Policies

Basis of Preparation – The financial statements are presented in United States dollars ("$USD"), and are prepared in accordance with IFRS under the historical cost convention except as otherwise noted. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in *Note 3 – Critical Accounting Estimates and Judgments.*

Common Control Merger Transactions – Transactions involving a combination of entities that are controlled by the same parties both before and after its effective date are recorded using the pooling method. Under a pooling method, the assets and liabilities of the acquired company are recorded at book value, transaction costs are expensed as incurred, any difference between the acquirer's cost of investment and the acquired entity's equity is presented separately within equity as a separate reserve within 'other comprehensive income', and comparative amounts for all periods are to reflect the combination had taken place at the beginning of the earliest comparative period presented.

Intangible Assets – Purchased intangible assets are recorded at cost, where cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition. The cost of such an intangible asset is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the fair value of either the asset received or the asset given up can be measured reliably, then the fair value of the asset given up is used to measure cost unless the fair value of the asset received is more clearly evident. 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 which have indefinite lives are not amortized, and are stated at cost less accumulated impairment losses.

Property and Equipment – Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Subsequent to recognition, property and equipment is measured at cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Financial Assets – The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition**.** Financial assets 'at fair value through profit or loss' are financial assets held for sale. The Company had no financial assets 'at fair value through profit or loss' during December 31, 2013 or 2012. 'Loans and receivables' are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables', 'notes receivable', and 'cash and cash equivalents' in the statement of financial position. 'Available-for-sale' financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories, and are carried at fair value, with changes in valuation reflected in a valuation reserve as a component of other comprehensive income.

Trade Receivables – The Company evaluates the collectability of its trade receivables based on a number of factors. In circumstances where the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company, a specific reserve for bad debts is estimated and recorded, which reduces the recognized receivable to the estimated amount the Company believes will ultimately be collected. The Company recorded no bad debt charge-offs or allowance for bad debts in 2014 and 2013.

Cash and Cash Equivalents – In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the accompanying statement of financial position, any bank overdrafts are shown within borrowings in current liabilities. The Company had no bank overdrafts at the date of the statement of financial position.

Share Capital – Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are shown in equity as a deduction from the proceeds received. Where the Company purchases its own common shares of stock, it is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued, and is classified as treasury stock in the accompanying balance sheet. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the company's equity holders. Equity-settled share-based transactions are recorded at the fair value of assets received by or services delivered to the Company.

Comprehensive Income - Comprehensive income is defined as all changes in members' equity from transactions and other events and circumstances. Therefore, comprehensive income includes our net income (loss) and all charges and credits made directly to members' equity other than member contributions and distributions such as the revaluation reserve for available for sale financial assets, which is included as a component of 'other comprehensive income' within members' equity.

Notes Payable – Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost, and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

***Accounts Payable* -** Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Revenue – The Company recognizes revenue when it is realized or realizable and earned. We consider revenue realized or realizable and earned when persuasive evidence of an arrangement exists, the services have been rendered to the customer, the sales price is fixed or determinable, and collection is reasonably assured.

***Operating Expenses* –** Costs necessary to generate revenue are expensed in the period incurred.

***Depreciation* -** The cost less the residual value of each item property, plant and equipment is amortized over its useful economic life. Depreciation commences when assets are available for use. The assets' useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at the end of each reporting period.

***Interest Expense* -** Interest expense is recognized as incurred on the outstanding balance of the Company's notes payable.

Leases – Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are recorded as rent expense on a straight-line basis over the period of the lease. Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term. The Company has no finance lease commitments at this time.

Income Taxes – The Company is not obligated for U.S. federal income taxes because it is a British Virgin Islands company, which is not subject to U.S. Federal income tax. The British Virgin Islands also does not have a corporate income tax. If the Company merges with a U.S. based company, historical net operating losses may not be available for future net income offset. As a result, the accompanying consolidated financial statements do not reflect the impact of Federal income taxes.

Related Party Transactions – The financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. The disclosures shall include the nature of the relationship involved, description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements, the dollar amounts of transactions; and amounts due from or to related parties as of the balance sheet date and, if not otherwise apparent, the terms and manner of settlement.

***Fair Value* -** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. For financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable, and the significance of the inputs to the fair value measurement in its entirety. Level 1 inputs are quoted market prices available in active markets for identical assets or liabilities as of the reporting date, Level 2 inputs are those directly or indirectly observable as of the reporting date, other than quoted prices in active markets included in Level 1, and Level 3 pricing inputs are generally unobservable and not corroborated by market data. Fair value is considered to be at Level 3 when pricing models are used, such as discounted cash flow methodologies or similar techniques, and at least one significant model assumption or input is unobservable. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free-market dealings may not exist.

Segment Reporting – Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. As of December 31, 2013, the Company operated in a single segment as described in *Note 1 – Organization and Nature of Operations.*

New Accounting Policies – Issued and Not Adopted – The following accounting policies were recently issued, but are not required to be adopted during 2014:

In November 2009, the IASB issued *IFRS 9 Financial Instruments* as the first step in its project to replace *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of *IFRS 7 Financial Instruments: Disclosures* including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on financial liabilities and de-recognition of financial instruments. In December 2011, the IASB issued an amendment that adjusted the mandatory effective date of IFRS 9 from January 1, 2013 to January 1, 2015. We are currently assessing the impact of adopting IFRS 9 on our financial statements.

In May 2011, the IASB issued *IFRS 13 Fair Value Measurement* as a single source of guidance for all fair value measurements required by IFRS to reduce the complexity and improve consistency across its application. The standard provides a definition of fair value and guidance on how to measure fair value as well as a requirement for enhanced disclosures. Enhanced disclosures about fair value are required to enable financial statement users to understand how the fair values were derived. IFRS 13 must be applied starting January 1, 2015 with early adoption permitted.

New Accounting Policies – Issued & Adopted – The following accounting policies were required to be adopted during 2013:

In May 2011, the IASB issued *IFRS 10 Consolidated Financial Statements* to replace *IAS 27 Consolidated and Separate Consolidated Financial Statements* and *SIC 12 Consolidation* **-** *Special Purpose Entiti*es. The new consolidation standard changes the definition of control so that the same criteria apply to all entities, both operating and special purpose entities, to determine control. The revised definition focuses on the need to have both power and variable returns before control is present. IFRS 10 must be applied starting January 1, 2013 with early adoption permitted. The adoption of this standard had no impact on our financial statements.

In May 2011, the IASB issued *IFRS 11 Joint Arrangements* to replace *IAS 31, Interests in Joint Vent*ures. The new standard defines two types of arrangements: Joint Operations and Joint Ventures. Focus is on the rights and obligations of the parties involved to reflect the joint arrangement, thereby requiring parties to recognize the individual assets and liabilities to which they have rights or for which they are responsible, even if the joint arrangement operates in a separate legal entity. IFRS 11 must be applied starting January 1, 2013 with early adoption permitted. The adoption of this standard had no impact on our financial statements.

In May 2011, the IASB issued *IFRS 12 Disclosure of Interests in Other Entitie*s to create a comprehensive disclosure standard to address the requirements for subsidiaries, joint arrangements and associates including the reporting entity's involvement with other entities. It also includes the requirements for unconsolidated structured entities (i.e. special purpose entities). IFRS 12 must be applied starting January 1, 2013 with early adoption permitted. The adoption of this standard had no impact on our financial statements.

3. Critical Accounting Estimates and Judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Intangible Assets and Property & Equipment: Valuation –Estimates and fair market values are used in the valuation of tangible and intangible assets, and the expected useful lives for amortizing and determining the recoverability of these assets. Estimates are also necessary in assessing whether there is an impairment of their value requiring a write-down of their carrying amount. In order to ensure that its assets are carried at no more than their recoverable amount, the Company evaluates at each reporting date certain indicators that would result, if applicable, in the calculation of an impairment test. The recoverable amount of an asset or group of assets may require the Company to use estimates and mainly to assess the future cash flows expected to arise from the asset or group of assets and a suitable discount rate in order to calculate present value. Any negative change in relation to the operating performance or the expected future cash flows of individual assets or group of assets will change the expected recoverable amount of these assets or group of assets and therefore may require a write-down of their carrying amount. See *Note 6 – Intangible Assets* and *Note 7 – Property and Equipment* for details of the components of the Company's tangible and intangible assets.

Assets Available for Sale: Valuation – Significant estimates and assumptions are required by the Company to determine the valuation of its contracts available for sale. At each reporting date, the Company monitors recent market transactions involving the purchase and sale of contracts, including its own sale transactions, to determine if a valuation adjustment is necessary. In making this determination, the Company must use judgment in reconciling the reported fair value of its contracts to market price activity, and considers a variety of factors such as the estimated customer attrition rate compared to industry averages, age of customer relationship, and the value of the overall relationship with its customers in terms of other services that may be provided to its customers compared to others within the industry. Details associated with the Company's contracts are included in See *Note 8 – Contracts.*

4. Financial Risk Management Objectives and Policies

The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risk. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company reviews and agrees policies and procedures for the management of these risks. The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk, and liquidity risk. The following section provides details regarding the Company's exposure to these risks and the objectives, policies and processes for the management of these risks.

Market Risk – Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. Management believes the Company is not exposed to significant market risk at the date of the statement of financial position other than the market risk associated with the fair value of its merchant contracts. A significant decline in market rates will negatively impact the Company's equity position, but will not impact its cash flow and operating results.

Credit Risk – Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Credit risk arising from the inability of a customer to meet the terms of the Company's financial instrument contracts is generally limited to the amounts, if any, by which the customer's obligations exceed the obligations of the Company. The Company's exposure to credit risk arises primarily from its trade and notes receivable and cash and cash equivalents. Receivables arising during the period are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents are placed with reputable banks and financial institutions with high credit ratings and no history of default.

Liquidity Risk – Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's liquidity risk management policy is to monitor its net operating cash flows and maintain an adequate level of cash and cash equivalents through regular review of its working capital requirements. The Company monitors and maintains a level of cash considered adequate by management to finance the Company's operations and mitigate the effects of the fluctuations in cash flows.

5. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Company has complied with all externally imposed capital requirements as of the date of the statement of financial position, and no changes were made to the Company's capital management objectives, policies or processes during the period then ended.

6. Intangible Assets

CMS acquired certain intangible assets in exchange for cash and common stock in year 2012. The resulting intangible asset of $1,414,150 was based on the fair values of the purchase price. A portion of the acquired asset consists of *Merchant Contracts* that was sold the following year. See *Note 12 – Revenue: Assignment of Residuals* for further details of this transaction, and *Note 9 – Trade and Other Receivables: Notes Receivable* for details regarding the remaining consideration due to the Company for this sale transaction.

The remaining amount of $1,364,150 at the end of year 2013, represents the estimated fair value of software and license rights for the virtual technology purchased. The Company has classified the license rights as an 'indefinite lived' intangible asset as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. As a result, the Company has not recorded any amortization expense in the accompanying financial statements related to the license rights, nor has the Company recorded any impairment charges for the years ended December 31, 2014 and 2013.

The fair value of the Company's intangible assets are classified as Level 3 in the fair value hierarchy described in *Note 2 – Summary of Significant Accounting Policies: Fair Value*, as the inputs to determine fair value do not meet the criteria to be classified as either Level 1 or Level 2.

7. Property and Equipment

The Company's property and equipment and related depreciation is comprised of the following components:

	Computers & Equipment	Automobiles	Furniture & Fixtures	Total
Cost				
Balance at January 1, 2013	$ 323,119	$ 45,000	$ 35,714	$ 403,833
Additions during the year		38,805	4,656	43,461
Balance at December 31, 2013	323,119	83,805	40,370	447,294
Additions during the year	2,019			2,019
Balance at December 31, 2014	$ 325,138	$ 83,805	$ 40,370	$ 449,313
Accumulated Depreciation				
Balance at January 1, 2013	$ (221,387)	$ (25,875)	$ (10,714)	$ (257,976)
Depreciation expense during the year	(55,137)	(20,022)	(174)	(75,333)
Balance at December 31, 2013	(276,524)	(45,897)	(10,888)	(333,309)
Depreciation expense during the year	(38,749)	(12,261)	(665)	(51,675)
Balance at December 31, 2014	**$ (315,272)**	**$ (58,158)**	**$ (11,553)**	**$ (384,984)**
Net balance at December 31, 2013	$ 46,595	$ 37,908	$ 29,482	$ 113,985
Net balance at December 31, 2014	$ 9,865	$ 25,647	$ 28,817	$ 64,329

8. Assets Available for Sale

The Company utilizes recent market transactions involving the purchase and sale of contracts, including its own sale transactions, to determine fair value at the reporting date. In making this determination, the Company considers a variety of factors such as the estimated customer attrition rate of its merchant contract portfolio compared to industry averages, age of customer relationship, and the value of the overall relationship with its customers in terms of other services that may be provided to its customers compared to others within the industry.

The fair value of the Company's contracts are classified as Level 2 in the fair value hierarchy described in *Note 2 – Summary of Significant Accounting Policies: Fair Value*, as the inputs related to per-share contract values are directly or indirectly observable as of the reporting date.

The financial assets designated as Assets Available for Sale are recorded at fair value. The performance of these assets are actively monitored and are managed on a fair value basis and is reflected in other comprehensive income as a revaluation. Activity in this revaluation account is presented below:

9. Trade and Other Receivables

The notes receivable represent amounts due from the buyer in connection with the Company's assignment of residual fee income rights associated with certain merchant contract portfolios during 2013. The remaining unpaid balances due at December 31, 2014 are payable in 2015 and 2016.

10. Shareholders' Equity

The Company is authorized to issue 100,000,000 shares of no-par value stock, of which 20,000,000 are issued and outstanding as of December 31, 2014.

11. Notes Payable

The Company's notes payable are is mainly comprised of an automobile loan dated November 18, 2011. The loan carries an interest rate of 3.90%, and requires monthly payments of $714 through December 15, 2016. The Company expects to pay approximately $8,570 for this loan in 2015 and 2016.

12. Revenue

The components of the Company's revenue are as follows: Interchange and residual fee income represent fees earned under contract, gift and loyalty card income represents fees earned by the Company for processing promotional cards for its merchants under contract, equipment and material sales represents the gross proceeds received by the Company for providing POS equipment and related items to its merchants under contract, and gains on the assignment of rights to certain contracts to third parties.

13. Cost of Sales

The components of the Company's cost of sales are as follows: Interchange and residual fee cost, gift and loyalty cards cost, and equipment and material cost.

14. Commitments and Contingencies

Contingencies – The Company is subject to legal claims that may arise in the normal course of business. However, management is unaware of any pending or threatened claims that would require adjustment or disclosure to the accompanying financial statements.

Lease Commitments – The Company leases its corporate office location for a fixed monthly payment of $5,208 through April 30, 2016, plus a pro-rata share of the leased property's operating expenses, property taxes, and utilities. The Company's aggregate minimum lease payment obligation over each of the next five years is expected to be approximately $75,000 annually.

Other – The Company has no third party guarantees or other commitments, such as those for capital expenditures or other purchase commitments that are contracted for at December 31, 2014 but not yet incurred.

15. Events Occurring After the End of the Reporting Period

No events occurred subsequent to December 31, 2014, that would require adjustment to the accompanying financial statements.

16. Approval of the Financial Statements

The accompanying financial statements were approved by the Company's Board of Directors and authorized for issue on March 30, 2014.