

Company Registration No. 01935025

UK Payments Administration Limited

Report and Financial Statements

Year ended 31 December 2022



UK Payments Administration Limited
Company Registration No: 01935025

Report and financial statements 2022

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UK Payments Administration Limited
Company Registration No: 01935025

Report and financial statements 2022

Officers and professional advisers
(as at date of signing the report and financial statements)

Directors

M Ellis
D Pitt

Registered Office

2 Thomas More Square
London
E1W 1YN

Registered Number

01935025

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

UK Payments Administration Limited

Company Registration No: 01935025

Strategic Report

Principal activity

UK Payments Administration Limited ("UKPA") is a wholly owned subsidiary of Pay.UK Limited ("Pay.UK"), the body responsible for UK retail payments, having been acquired by Pay.UK in July 2018. Its principal activities continue to be the management of the defined benefit pension buyout and the administration of the leases associated with 2 Thomas More Square.

In the year under review the Company:

- Finalised the rent review of floors two and three at 2 Thomas More Square; and
- Finalise the administrative activities following the formal closure of the defined benefit pension scheme.

Review of Business

For the year ended 31 December 2022, the company made profit before tax of £41.6k (2021: ££7.3k). The company also closed the year with cash at bank of £1.4m (£2021: £3.4m). The Company is expected to continue in business for the foreseeable future as part of the wider Pay.UK Limited Group.

Risk Management

The management of risk continued to be monitored by the Executive, with regular reporting to the Board. The Board continued to review and discuss risk and the risk register on a quarterly basis.

Liquidity Risk

The company has no significant liquidity risk.

Interest rate risk

The company's assets and liabilities are not exposed to significant interest rate risk.

Credit Risk

The Company's credit risk is primarily attributable to its intercompany receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Principal Risk and Uncertainties

The Board and Risk Committee review the principal risks on an ongoing basis, as does the Executive Risk Sub-Committee. Through our risk management process, any risks outside of risk appetite are prioritised for mitigation. Given the role of UK Payments Administration within the overall Pay.UK Limited Group, there are no material risks within the company.

Key Performance Indicators

The director monitor KPIs and all aspects of performance within the business. They consider the principal ones to be have been recovered and positive cash balances which are discussed in the business review section above.

UK Payments Administration Limited

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Strategic Report (continued)

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The going concern basis of accounting in preparing the annual financial statements therefore continues to be adopted. In making this assessment the following have been included in the considerations:

- Leases associated with 2 Thomas More Square remain in the name of the company. The ultimate parent company has agreed to support the operating costs of the Company including the costs of the leases;
- Income is primarily from the group parent Pay.UK Limited on a cost recovery basis. The group has completed a detailed risk assessment and stress testing on the group financial performance.

Future Development

The directors expect the general level of activity to remain stable in the forthcoming year.

This report was approved by the Board and signed on its behalf:



M. Ellis
Director

Date: 3 August 2023

UK Payments Administration Limited

Company Registration No: 01935025

Directors' Report

The Directors present their report together with the financial statements of UK Payments Administration Limited ("the Company") for the year ended 31 December 2022.

Directors

The Directors who served during the period under review and up until the date of signing the financial statements were:

J Barclay Non-Executive Director (resigned 17 May 2022)
G Peacop Executive Director (resigned 17 May 2022)
S Yarham Non-Executive Director & Chair (resigned 17 May 2022)
M Ellis (appointed 17 May 2022)
M Hunt (appointed 17 May 2022 and resigned 1 August 2022)
D Pitt (appointed 1 August 2022)

The Company has purchased Directors & Officers Insurance for the benefit of the Directors under sections 232 and 233 of Chapter 7 of the Companies Act 2006. This was in place for the period under review and remains in place at the time of signing the financial statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

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

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

Provision of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved, have confirmed that:

- So far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- They have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Events which have occurred since the end of the financial year

There are no subsequent events impacting the entity.

UK Payments Administration Limited
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Directors' report (continued)

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Political contributions

There were no political donations made during the year (2021: Nil).

Dividends

No dividends will be distributed for the year ended 31 December 2022 (2021: £nil).

Auditor

BDO LLP was appointed as auditor and has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the board and signed on its behalf:



M Ellis
Director
Date: 3 August 2023

Independent auditor's report to the members of UK Payments Administration Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of UK Payments Administration Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 to the members of UK Payments Administration Limited

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Independent auditor's report to the members of UK Payments Administration Limited

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland).

We considered among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud due to improper revenue recognition and management override of controls. Furthermore, we communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- enquiring of management and of those charged with governance regarding the controls and processes in place to ensure compliance with the requirements of the respective laws and regulations;
- discussions with management and legal in respect of any known or suspected fraud or instances of non-compliance with laws and regulations;
- review of minutes of board meetings throughout the period; and
- agreement of the financial statement disclosures to underlying supporting documentation;

We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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


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Orla Reilly (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
4 August 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Statement of Comprehensive Income
For the Year Ended 31 December 2022**

	Note	2022 £	2021 £
Turnover	4	1,695,356	3,273,843
Administrative expenses		(1,658,181)	(3,266,648)
Other operating expenses	16	-	(260,000)
Other operating income	16	-	260,000
Operating profit/(loss)	5	37,175	7,195
Interest receivable and similar income	9	4,456	140
Profit/(loss) before tax		41,631	7,335
Tax on profit/(loss)	10	(41,631)	(7,335)
Profit/(loss) for the financial year		-	-

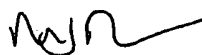
The notes on pages 12 to 21 form part of these financial statements.

UK Payments Administration Limited
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**Statement of Financial Position
as at 31 December 2022**

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	11	173,179	248,656
Investments	12	2	2
		<u>173,181</u>	<u>248,658</u>
Current assets			
Debtors: amounts falling due within one year	13	552,077	1,447,695
Cash at bank and in hand		1,451,355	3,384,585
		<u>2,003,432</u>	<u>4,832,280</u>
Creditors: amounts falling due within one year	14	<u>(2,176,596)</u>	<u>(5,080,921)</u>
Net current liabilities		<u>(173,164)</u>	<u>(248,641)</u>
Total assets less current liabilities		<u>17</u>	<u>17</u>
Net assets		<u>17</u>	<u>17</u>
Equity			
Called up share capital	15	17	17
Retained earnings		-	-
		<u>17</u>	<u>17</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf:



.....
M Ellis
Director
Date 3 August 2023

UK Payments Administration Limited
Company Registration No: 01935025

**Statement of Changes in Equity
as at 31 December 2022**

	Called up share capital £	Profit and Loss account £	Total equity £
At 1 January 2021	17	-	17
Profit for the year	-	-	-
Change in asset limit other than interest	-	-	-
Profit and Total Comprehensive Income for the year	-	-	-
At 1 January 2022	17	-	17
Profit for the year	-	-	-
Changes in asset limit other than interest	-	-	-
Profit for the year	-	-	-
At 31 December 2022	17	-	17

Notes to the accounts
Year Ended 31 December 2022

1. General information

UK Payments Administration Limited (UKPA) ("the Company") is a private company limited by shares, incorporated in England and Wales. Its registered office is 2 Thomas More Square, London, E1W 1YN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Under Financial Reporting Standard 102, the company is exempt from the requirement to prepare a cash flow statement per paragraph 1.12 on the grounds that the company's ultimate parent undertaking, Pay.UK Limited, prepares a consolidated cash flow statement in which the company's cash flows are included.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operation existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

In making this assessment the Directors have considered that the:

- Leases associated with 2 Thomas More Square remain in the name of the company. The ultimate parent company has agreed to support the operating costs of the Company including the costs of the leases.
- Income is primarily from the group parent Pay.UK Limited on a cost recovery basis. The group has completed a detailed risk assessment and stress testing on the group financial performance.

2.3. Revenue

Administrative services

The Company provides administrative services to the group parent company and final salary pension scheme as detailed in the Company's principal activities.

The following criteria must also be met before revenue is recognised:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates; value added tax and other sales taxes.

The Company recognises revenue on the provision of services in the reporting period in which the services are rendered. Where payment for services is made in advance of the service being performed the Company defers this income and matches it in the period when the service is performed and the Company's obligations have been extinguished.

Notes to the accounts
Year Ended 31 December 2022

2. Accounting policies (continued)
2.3 Revenue - Administrative services (continued)

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Interest income is accrued on a time basis, 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.

2.4 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical costs included the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Leasehold property	- straight line over the remainder of the lease, or the assets useful economic life if less
Fixtures and fittings	- 10% - 20% straight line
Computer equipment	- 20% - 33% straight line

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

2.5 Operating Leases: Lessee

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

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. As at 31 December 2022, and throughout the year, the Company had no overdraft facility (2021: £nil).

Notes to the accounts
Year Ended 31 December 2022

2. Accounting policies (continued)

2.8 Financial instruments

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

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

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

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

Financial Liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, if applicable, and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is the £.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined

Notes to the accounts
Year Ended 31 December 2022

2. Accounting policies (continued)

2.10 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current Tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred Tax

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

Deferred tax is recognised, if material, on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference. Deferred tax assets and liabilities are not discounted.

2.11 Provisions and contingencies

Provisions

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

Provisions for assets are only recognised when the flow of future economic benefits to the company is virtually certain.

Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outlay of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Shares repurchased by the Company are done so in accordance with Company Law and cancelled.

Notes to the accounts
Year Ended 31 December 2022

2. Accounting policies (continued)

2.13 Related party transactions

The company has taken the exemption under Section 33.1A of FRS102 not to disclose related party transactions with wholly owned members of its Group.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of accounting policies, which are described in note 2.1 to 2.13, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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 relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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. For the current financial year, the Directors have reviewed its policies and concluded that there are no critical accounting judgements or key sources of estimation uncertainty that have a significant impact on the financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Rendering of services to the payments industry	1,695,356	3,273,843
	<u>1,695,356</u>	<u>3,273,843</u>

All turnover arising from the provision of administrative services to the group parent company and final salary pension scheme during the year has arisen from UK based activities.

5. Operating profit/(loss)

The operating profit/ (loss) is stated after charging:

	2022 £	2021 £
Operating Lease Rentals	1,250,226	2,020,263
Depreciation of Tangible Fixed Assets	75,477	159,160
Fees payable to the company's auditors for the audit of the company's accounts	20,295	18,450
Fees payable to the company's auditors for non-audit services	3,946	3,690

7. Employees

All staff were subject to a TUPE transfer to Pay.UK Limited in March 2019.

Notes to the accounts
Year Ended 31 December 2022

8. Directors' remuneration

There are no Directors emoluments as the Directors are remunerated by the parent company.

The Board considers that there are no key management personnel who are not directors of the company.

9. Interest receivable

	2022 £	2021 £
Other interest Receivable	4,456	140
	<u>4,456</u>	<u>140</u>

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profit/(loss) for the year	40,982	7,177
Adjustments in respect of previous periods	649	158
Total current tax charge	<u>41,631</u>	<u>7,335</u>
Taxation on profit/(loss) on ordinary activities	<u>41,631</u>	<u>7,335</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit/(loss) on ordinary activities before taxation	<u>41,631</u>	<u>7,335</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	7,910	1,394
Effects of:		
Fixed asset differences	2,409	5,081
Group relief surrendered / (claimed)	-	-
Remeasurement	(8,645)	(26,571)
Adjustment to tax charge in respect of previous periods	649	158
Deferred tax not recognised	39,308	28,637
Other adjustments	-	(1,364)
Total tax charge for year	<u>41,631</u>	<u>7,335</u>

Notes to the accounts
Year Ended 31 December 2022

10. Taxation (continued)

A deferred tax asset has not been recognised in respect of timing differences relating to depreciation being charged in excess of capital allowances, as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £157,232 (2021: £110,711). The asset would be recovered if there were suitable trading profits in future years.

11. Tangible fixed assets

	Leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At January 2022	2,069,769	1,515,102	1,922,791	5,507,662
Transfer	(20,930)	-	20,930	-
Additions	-	-	-	-
Disposal	-	-	-	-
At 31 December 2022	<u>2,048,839</u>	<u>1,515,102</u>	<u>1,943,721</u>	<u>5,507,662</u>
Depreciation				
At January 2022	1,903,736	1,443,538	1,911,732	5,259,006
Transfer	(20,276)	-	20,276	-
Charge for the year on owned assets	31,554	37,656	6,267	75,477
Disposals	-	-	-	-
At 31 December 2022	<u>1,915,014</u>	<u>1,481,194</u>	<u>1,938,275</u>	<u>5,334,483</u>
Net book value				
At 31 December 2022	<u>133,825</u>	<u>33,908</u>	<u>5,446</u>	<u>173,179</u>
At 31 December 2021	<u>166,033</u>	<u>71,564</u>	<u>11,059</u>	<u>248,656</u>

12. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	2
At 31 December 2022	2
Net book value	
At 31 December 2022	2
At 31 December 2021	2

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Year Ended 31 December 2022

12. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
APACS (Commercial) Limited	Ordinary	100%	Dormant

The aggregate of the share capital and reserves as at 31 December 2022 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves
APACS (Commercial) Limited	£ 2
	<u>2</u>

UK Payments Administration Limited and Lynchwood Nominees Limited, (on behalf of the BBA), each hold 5 shares in the BBA Pension Trustee.

13. Debtors

	2022 £	2021 £
Trade debtors	141	7,580
Other debtors	415	415
Amounts owed by ultimate holding company	-	1,373,397
Corporation Tax	7,178	-
Prepayments and accrued income	544,343	66,303
	<u>552,077</u>	<u>1,447,695</u>

14. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	295,950	1,612,051
Amounts due to ultimate parent company	498,107	2,211,593
Corporation tax	-	7,178
VAT	132,449	242,506
Accruals and deferred income	1,250,090	1,007,593
	<u>2,176,596</u>	<u>5,080,921</u>

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Notes to the accounts
Year Ended 31 December 2022

15. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
17 (2021: 17) Ordinary shares of £1 each	<u>17</u>	<u>17</u>

16. Pension commitments

The British Bankers' Association and UK Payments Administration Limited ("the Employers") operated a funded defined benefit pension arrangement called the British Bankers' Association Pension Scheme ("the Scheme"). The Scheme provided benefits to some employees based on their completed pensionable service and their final pensionable pay. In 2020 the Employers completed a pension buy in where by the assets of the Scheme were replaced with an insurance policy which matched the liability under the scheme and fully hedged all investment and longevity risks in the pension scheme.

In the 2021 the pension buyout was completed and the scheme's liabilities transferred to the insurer and the Employer's obligation to the members was extinguished. The scheme was wound up in late December that same year. The Scheme did not invest directly in property occupied by the Company or in financial securities issued by the Company. With the scheme now wound up the 2022 disclosures are all £nil with only transactions in 2021 shown for comparison purposes.

	2022 £'000	2021 £'000
Recognised in profit or loss		
Interest/(income)	-	-
Past service cost	-	260
Losses on settlements	-	-
Total expense recognised in profit or loss	<u>-</u>	<u>260</u>

	2022 £'000	2021 £'000
Movement in the net balance sheet position		
Expense charged to profit and loss	-	52
Amount recognised outside of profit and loss	-	-
Employer contributions	-	(52)
Closing net Liability	<u>-</u>	<u>-</u>

Movement in present value of defined benefit obligation

	2022 £'000	2021 £'000
Opening defined benefit obligation	-	39,244
Interest on plan liabilities	-	-
Actuarial (gains)/losses due to:	-	-
Experience on benefit obligation	-	-
Pension Buyout	-	(39,244)
Closing defined benefit obligation	<u>-</u>	<u>-</u>

UK Payments Administration Limited

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Notes to the accounts Year Ended 31 December 2022

16. Pension commitments (continued)

Movement in fair value of scheme assets

	2022 £'000	2021 £'000
Opening fair value of scheme assets	-	39,192
Interest on scheme assets	-	-
Actual return on scheme assets less interest on scheme assets	-	5,283
Contributions by the employer	-	52
Benefit payments	-	-
Curtailments and settlements	-	-
Pension Buyout	-	(39,244)
Closing fair value of scheme assets	-	-

17. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	1,690,555	1,589,305
Later than 1 year and not later than 5 years	1,449,709	2,544,708
	3,140,254	4,134,013

The lease commitments on the first, second and third floor of 2 Thomas More Square is until 2024. However, rental payments for the second and third floor are currently subject to a rent re negotiation with the landlord (November 2019). The rent charges under lease for the first floor are subject also subject to negotiation from September 2021.

At the date of this report the company had no future minimum lease payments under non-cancellable operating leases.

18. Ultimate Parent Company

The ultimate controlling party and parent company is Pay.UK Limited. The results and financial position of the Company are consolidated into those of Pay.UK Limited. The consolidated financial statements of Pay.UK Limited are available on request at 2 Thomas More Square, London E1W 1YN.