allpay

allpay Limited

Registered number: 02933191

Annual Report and Financial Statements

for the year ended 30 June 2020

allpay Limited

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Company Information

Directors	A. M. Killeen S. Foulger M.C. Pacey A. Rhodes-Mays C.L. Ewart
Registered number	02933191
Registered office	Fortis et Fides Whitestone Business Park Whitestone Herefordshire HR1 3SE United Kingdom
Auditors	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
Bankers	Barclays Bank plc Corporate Banking PO Box 13699 Birmingham B2 2FS United Kingdom

Strategic report for the year ended 30 June 2020

Business review and factors considered by the Directors in discharging their s172 responsibilities

allpay is a market leading independent financial services and technology business.

There is a well-defined and integrated growth strategy, in large markets, with a strong pipeline of prospects, tested market opportunities and profitable growth initiatives.

The business has a renewed focus following the demerger of non-core businesses and is strongly profitable and cash generative, with an increasingly strong balance sheet and cash position. allpay has demonstrated a high level of resilience during the COVID pandemic.

Some key performance statistics include:

Processed **£8.4bn** of payments

75.6m transactions

Core allpay Values
Community
Respect
Excellence
Support
Trust

£4.0m Operating profit

£41.2m Revenue

1000 clients

Authorised **EMI** by the **FCA**
£140.1m funds issued

£6.0m EBITDA

294 Employees

allpay is one of a small number of payment services providers offering a comprehensive range of managed bill payment solutions to the housing association, central government, NHS and local authority sectors.

allpay's strategically integrated offering to its clients embraces bill payments and prepaid cards.

Card manufacturing underpins both offerings as well as delivering one of Europe's most advanced card manufacturing plants for sales to external clients.

allpay serves almost 1,000 clients and processes on average 6.3 million payments per month for their customers across the United Kingdom.

The value proposition for our clients is consistently driving high satisfaction and advocacy levels

Delivering cost reduction and administration efficiencies

A comprehensive range of fully managed income collection services with convenient self-service channels. One supplier, one point of contact, one integrated platform.

Accounting and processing efficiency

Consolidated reconciliation data from multiple channels, which seamlessly integrate with any system, and flexible settlement of funds into any bank account, simplifying processing and saving back office time

Maximising collection rates and reducing arrears

A wide range of accessible, convenient and flexible payment methods, combining the latest digital solutions with a network of 40,000 retail counters

Trusted service provider

Underpinned by a longstanding reputation as a high quality, trusted service provider, offering a seamless on-boarding process and exceptional customer service

Strategic report for the year ended 30 June 2020 (Continued)

Performance during the first part of the year was very strong and ahead of forecast. As a result of the COVID pandemic lockdown during April to June we experienced a decline in our over the counter (OTC) transactions which is reflected in the table below. Our digital payment services, including Prepaid Cards continued to achieve growth throughout the period.

The decline in allpay.cards revenue was anticipated following the completion of a strategic review during 2018. The business stream is successfully rebuilding its client base with some significant client contracts signed during the year.

	2016	2017	2018	2019	2020
allpay Ltd Revenue £m	**37.0**	**40.7**	**44.3**	**43.0**	**41.2**
Bill Payments	32.8	34.1	37.6	38.5	37.7
allpay.cards	3.2	5.4	5.7	3.4	2.0
Prepaid Cards	0.2	0.3	0.4	0.6	0.8
Other	0.8	0.9	0.6	0.5	0.7

allpay has achieved a high level of profitability during the year despite the decline on OTC transactions that resulted due to the COVID pandemic. The business undertook a reorganisation during the latter part of the year, which resulted in one off costs being recognised. When excluding these costs underlying profitability is on par with the prior year.

	2016	2017	2018	2019	2020
allpay Ltd Operating Profit £m	**1.6**	**2.2**	**1.5**	**4.6**	**4.0**
Impairment of non-core business	-	-	-	(10.4)	-
allpay Ltd Profit before interest and tax	**1.6**	**2.2**	**1.5**	**(5.8)**	**4.0**

Group restructure

On 30 April 2019 the group was restructured to move non-core businesses out of the group to enable the inter-related bill payments, cards and prepaid businesses to have greater strategic focus and a greater focus on core stakeholder needs.

Rude Wines Limited and Digital Globe (the Italian broadband business) were demerged during that year. Historical investments in these businesses were removed from allpay's balance sheet.

The impairment of these investments and the associated dividend has been reflected in allpay Limited's financial statements, which had a neutral impact at a consolidated level and no cash impact.

The restructure has resulted in a renewed focus on the core allpay payments offering, investing in new technologies and value add product offerings which support future growth in the business and client satisfaction.

Strategic report for the year ended 30 June 2020 (Continued)

A new strategic banking partnership
On 5 August 2019 the company changed banks to Barclays Bank plc from Lloyds Bank plc as part of a strategic plan to support and accelerate the growth of the business.

The new Barclays Bank facility provides an increase in funding available and a more appropriate structure to the nature of the business including a longer-term property loan, which has improved the balance sheet and has assisted with a substantial increase in net current assets, reflecting a much improved liquidity position.

At 30 June 2020, as a result of the renewed focus from the group restructure and the enhanced banking facilities, there was substantial headroom in this facility. This positive cash position has improved further since the year end. As a result of these strategic decisions, allpay is in a very strong cash position, with enhanced ability to deliver value to its wide stakeholder base.

The net assets have grown £2.5 million during 2020 following the impairment of the investments in the previous year noted in the section above. As a direct result of this, the new and improved banking facility and the business trading well during the COVID pandemic net current assets are now positive at £1.1 million, an improvement of £6.6 million over the prior year and a far improved asset position.

	2016	2017	2018	2019	2020
allpay Ltd Net Assets £m	**8.9**	**11.3**	**12.9**	**4.6**	**7.1**
allpay Ltd Net Current Assets/(Liabilities) £m	**(2.6)**	**(4.3)**	**(4.1)**	**(5.5)**	**1.1**

Strategic growth platform with significant opportunities to benefit from changing market dynamics
The core businesses of bill payments and prepaid cards share a common customer base and similar technologies resulting in significant opportunities to enter new markets and to expand share in existing markets.

The business is increasingly well placed to take advantage of synergies across its business streams and the new market leading strategic growth platform and associated systems will enhance this.

allpay has a wide range of clients, with no client representing more than 3% of total revenue. The diversified and loyal client base (more than 99% retention rate and average contract length of around 10 years), with low attrition, produces an attractive financial profile of recurring revenue, strong cashflow and stable profitability. This has proven to be the case during the COVID pandemic, where allpay's business model has been very resilient.

Bill payments
allpay is one of the market leaders in bill payments, this is the core business and allpay has been providing this service for 27 years. Offering the widest range of bill payment channels of any business in the UK market with an unrivalled reputation for service.

allpay is a reseller of over the counter network payments, through its long-term contracts with key suppliers, the Post Office® and PayPoint and is a processor of rent payments in the UK. Underlying bills primarily comprise of housing rent, council tax and sundry debts, whilst a long-standing contract for Her Majesty's Court Service, which was renewed for a further two years during the year widens the nature of payments taken to include a nationwide fines payment service.

Strategic report for the year ended 30 June 2020 (Continued)

allpay's aim is constant innovation to develop payment systems that are both cost effective and convenient for the end user, as well as being secure and reliable. Around one third of the workforce, of around 300, are IT professionals engaged in the development of new bill payment products and support for existing products.

With continued growth derived from new contracts in the core local authority and housing association sectors. allpay is represented on every significant framework contract. Frameworks are buying consortia which clients can join.

This results in continued growth in client numbers, digital transaction volumes and transaction values. This year saw allpay handling over 75 million transactions and collecting £8.4 billion on behalf of clients. Key suppliers and the UK banking system will also benefit from this growth.

Annual transaction values - 2016 to 2020 show continued growth and given the long-term nature of allpay's bill payments client base this growth looks set to continue.

Cash transactions are declining reflecting a similar trend to that in the wider economy and given its unique technology and functionality allpay is therefore strongly placed to benefit from this move away from cash transactions to direct debit and card transactions. The resilience afforded by this diversity of technology and functionality means that despite a COVID related fall in cash transactions, direct debit, credit card and debit card growth has accelerated. The result is continued growth in transaction values despite a fall in volumes as reflected in the table below.

The Board considers this change from cash to digital payments to be an ongoing and increasingly permanent change and allpay is very well placed to take advantage.

	2016	2017	2018	2019	2020
Transactions (million)	59.3	66.6	78.3	78.7	75.6
Values (£ billion)	£6.1 Bn	£6.8 Bn	£7.7 Bn	£8.2 Bn	£8.4 Bn

Our technology
It has been noted above that allpay has a range of commercially successful platforms, which are developed in house, such as its direct debit platform and mobile app.

This in-house technology specifically supports the fastest growing areas of the business; the investments giving allpay a unique competitive advantage.

During the year the business developed a new enhanced payment gateway to enable the collection of card-based payments, further enhancing our product offering to clients. allpay invested £1.1m in the development of new products and services for our existing client base during the year.

allpay is currently developing a market leading system, using new cloud-based technologies under the program name Agilis, to support its strategic growth initiatives.

Around one third of allpay's employees are engaged in IT roles. The business has in depth capability with full teams for Business Analysis, Project Management, IT Operations and Research and Development.

Prepaid cards and regulated status
allpay is uniquely placed to take advantage of this market, building upon the synergies, technologies and client relationships within the existing bill payment and card manufacturing businesses and able to offer "banking lite" account features.

allpay

Strategic report for the year ended 30 June 2020 (Continued)

Supporting the government's commitment to transform the welfare system and roll out personal budgets in social care, health, children's services, these funds are increasingly being paid directly to the user. allpay already has some of the UK's largest local authorities as Prepaid clients and opportunities also exist in a number of overseas markets.

allpay's Prepaid Cards business has an e-money license and is regulated by the Financial Conduct Authority.

This license allows allpay to develop more innovative prepaid products, to enter new markets (including overseas) and will create opportunities to increase profitability by removing third party costs.

Prepaid cards are increasingly being used instead of cash, cheques and vouchers as they offer reduced administration costs, improve security and allow for spending to be monitored in real time. allpay works with a growing number of local authorities, government bodies, the National Health Service, housing associations and charities, who are using its prepaid offering for a variety of pay-out requirements.

As demonstrated below we have seen exceptional growth in Prepaid during the year, this is result of a Scottish government best start contract, additionally during the latter part of the year COVID has accelerated this trend through the provision of emergency instant issue Prepaid cards.

	2016	2017	2018	2019	2020
Top up and Load Volume (Thousand)	55.9	64.8	143.8	230.0	486.8
Top up and Load Values (£ million)	£6.7	£17.5	£52	£85.5	£140.1
Active Cards (Thousands)	9.4	12.6	18.0	24.0	53.0

allpay.cards
allpay.cards is one of Europe's most advanced card manufacturing and bureau facilities. The operation started life by providing plastic swipe cards to allpay's bill payment customers. It now offers the full end-to-end physical card solution, from initial card design, through to delivery to the cardholders.

The manufacture and bureau processes are managed at the UK Mastercard and Visa accredited, PCI compliant site. Onsite expertise in design, manufacture, EMV technical, logistics along with a dedicated account management team ensures a smooth launch and ongoing services.

allpay.cards not only provides a physical card-on-carrier service to over two million bill payment customers, it is also a strategic fit with allpay's growth in the prepaid market, providing bespoke cards with advanced technologies to support the growing demand within the underbanked and those requiring emergency disbursement of funds. This is underpinned by the government's commitment to transform the welfare system. allpay.cards is well known within the challenger bank market as a one stop shop for start-ups looking to launch innovative card programmes. We supply a wide range of high-quality design smartcards (magnetic strip, contact, contactless/ dual interface) and services for both payment and non-payment schemes to a wide range of clients including tier 2 and 3 financial institutions, processors and banks as well as the identity market. This is all alongside supporting the allpay bill payments business.

After a challenging strategic review in 2018 which resulted in a renewed business focus, meaning a decline in both revenue and volumes during the year allpay.cards is successfully rebuilding its client base by forging new and existing relationships. Additionally, review of all supplier relationships has been undertaken to ensure they deliver the required value for money for allpay and our clients.

Strategic report for the year ended 30 June 2020 (Continued)

Media
During April 2020 allpay announced the closure of the 24housing magazine, the 137th issue distributed on the 3rd April was the final magazine from the team, who have supported the UK housing sector since 2008.

The positive impact of this strategic decision is a renewed focus on core stakeholder needs and reduced cost to the business.

People and environment
With an established national footprint, we are one of the biggest businesses headquartered in Herefordshire.

We are an accredited Living Wage employer; indeed, we are previous winners of the Living Wage Champions award. We have a fantastic record of growing our own people, winning multiple awards during our time as an apprentice ambassador.

We look for only the best people and offer our staff a suite of benefits and perks to ensure sure we continue to be a market-leading, award winning employer.

The salaries we offer are competitive nationally, to help attract and retain colleagues in Herefordshire, a county with high employment and one of the lowest average salaries in the UK. Our favorable financial benefits include a generous pension scheme, income protection insurance and life assurance schemes. Our additional health care scheme not only supports our employees but also their families. For when colleagues and their families need additional help, we have a 24-hour help line which covers everything from legal support to counselling and everything in between.

With two on-site restaurants serving healthy and nutritious menus, an outdoor nature park and picnic area, a state-of-the-art on-site gym for our staff to use as they wish, we work hard to promote health and wellbeing.

allpay provides facilities for charging of electric vehicles to colleagues. Initiatives to introduce electric vehicles, solar panels and LED lighting are also being reviewed.

We have accreditations in ISO 14001, 45001, 9001, 27001 (and code of practice 27002), an exceptional health and safety record and ensure we remain highly secure. Something that is essential in our chosen field and when working with the customers we do. We have built a sustainable and scalable business model, which allows for further growth, diversification and success. We also have PCI DSS compliance, PCI Card Production Standards compliance, Cyber Essential + certification, BACs Bureau accreditation and a fully Authorised Electronic Money Institution.

Throughout the COVID pandemic, in addition to keeping the offices open, colleagues have successfully been able to work from home, with no adverse impact upon the business operation. Indeed, the business has taken the opportunity to further improve ways of working. Systems and processes to support business continuity were already in place and they have proven to be resilient and reliable. The usual high standards of services to customers have been fully maintained.

Community
Our values have five core tenets Community, Respect, Excellence, Support and Trust which underpin not only our work with clients and colleagues but the wider community. These are further examples of how allpay fulfills its s172 commitments and considers all stakeholders

We have a charity committee which meets monthly to plan events and fund raisers throughout the year. The staff nominate and chose their annual charity to support which drives the fundraising focus for the year.

Strategic report for the year ended 30 June 2020 (Continued)

Helping support the environment
As a business we are committed to reducing our carbon footprint and actively look for sustainable solutions for our product and approaches to working life. We have a 'Going Green' team that meets to discuss initiatives for carbon reduction and encourages environmental improvements.

Our commitment this year was to review the estate and identify additional elements of energy reduction that are mutually beneficial to the business and the environment such as, solar, LED lighting conversations and EV charging points.

Environmental impact changes were adopted with LED lighting replacing all our high-powered fluorescent tubes in our grounds. We have commenced a programme of work to convert the offices to LED lighting and have completed one building so far.

EV car charging stations are provided free of charge, during the course of the year we have seen an increase in their use as our colleagues opt for a more environmentally friendly way to travel to work.

As this is our first year of reporting on our environmental impacts it is therefore necessary to understand our site so that this information can be used as our base year moving forward.

Set over 91,000 sq ft, the site comprises of 4 buildings, with car parking facilities and a pond. Primarily buildings are used for offices and production. Our main sources of energy come in the form of electric, gas. HVAC and diesel, with additional sources coming from staff vehicles.

Streamlined Energy and Carbon Reporting	2020
UK energy use kWh	**1,469,346**
Associated Greenhouse gas emissions Tonnes CO2 equivalent	339,786
Intensity ratio Associated Greenhouse gas emissions per revenue	0.01

The figures for this reporting period have been calculated based on the HMRC Environmental Reporting Guidelines. Sources used are supplier invoices and mileage records. The data has been converted to tonnes of carbon dioxide using the government conversion factors for 2020.

Section 172 (1) Statement

Board decision making
Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

In doing this, section 172 requires directors to have regard to, amongst other matters, the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, clients and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct;
- need to act fairly as between members of the company.

In discharging our section 172 duties, we have regard to the factors set out above.

In addition, we also have regard to other factors which we consider relevant to the decisions being made.

Those factors for example include the interest and views of our clients and their end users; regulatory bodies; and our relationship with our lenders.

By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we aim to make sure that our decisions are consistent and appropriate in all circumstances.

We delegate authority for day-to-day management of the Company to the Executive Board and then engage management in setting, approving and overseeing execution of the business strategy and related policies.

Board meetings are held periodically at which the Directors consider the Company's activities and make decisions.

The key strategic decisions have been referenced within this report.

This report was approved by the Board on 31 December 2020 and signed on its behalf.

Anthony Martin Killeen

A M Killeen
Managing Director

Directors' report for the year ended 30 June 2020

The Directors present their report and audited financial statements for the year ended 30 June 2020.

Financial performance
The company's financial performance is presented in the Income Statement on page 17. The Operating Profit for the year was £3,999,000 (2019: £4,587,000) and retained profit for the year £ 3,320,000 (2019: retained loss after Group restructure was £6,901,000).

A review of the company's performance for the year is provided in the Strategic Report.

During the year, dividends of £824,000 were paid (2019: £1,424,000, the figure in the year includes equity dividends paid of £824,000 and a dividend in specie of £600,000 related to a group restructure).

Directors
The directors who served during the year and up to the date of signing this report were:

A. M. Killeen

J. E. Norman (resigned 3rd February 2020)

N.B. Peplow (resigned 24 September 2019)

S. Foulger (appointed 17 June 2019)

M.C. Pacey (appointed 17 June 2019)

A. Rhodes-Mays (appointed 17 June 2019)

V. T. Brown (appointed 17th June 2019, resigned 14th February 2020)

C. L. Ewart (appointed 22 June 2020)

Political donations
During the year the company made no political donations £nil (2019 £nil).

Charitable contributions
During the year the company made donations to a range of causes totalling £7,703 (2019: £8,500).

Employee involvement
The company places considerable value on the involvement of its employees in the business and has continued its practice of keeping them informed on matters affecting them as employees. The company is committed to providing equality of opportunity to all employees. Appropriate training, career development and promotion opportunities are provided for all employees regardless of gender, physical disability, religion, belief, race or ethnic origin.

It is the company policy to consider suitable applications for employment by disabled persons. Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees who become disabled to continue in their employment or to be trained for other positions in the company.

The company is committed to involving all employees in the performance and development of the company. Employees are encouraged to discuss with management matters of interest to the employees and subjects affecting day to day operations of the company. Discussions take place regularly with employee representatives on a wide range of issues.

Directors' report for the year ended 30 June 2020 (Continued)

Equal opportunity/Equalities Act
allpay has an open and inclusive approach to equality and diversity. All employees have access to learning and development and progression opportunities and are treated fairly and equally regardless of any protected characteristics. allpay has documented policies and procedures in place to ensure that its approach is fully understood and complied with. allpay believes it is a fundamental right for everyone to be treated equally, with respect and dignity.

Director liabilities
The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' report.

Principal risks and uncertainties
The company uses various financial instruments including instant access deposits, term deposits, bank loans, hire purchase, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to certain financial risks. The directors consider that the main risks arising are interest rate, price, credit, cash flow and foreign exchange risk. The directors review and agree policies for managing each of these risks and they are summarized below.

Interest rate risk
The company seeks, as appropriate and as far as possible in the light of its cash flows, to fix interest rate exposure. While allpay has the ability to fix the interest rate on some outstanding loans, the rates at which the company considers to be in its optimum economic interest have remained unavailable during the year. As such all loans are now based on a floating rate.

Given the nature of allpay's operating model the business will be a net beneficiary from any rise in interest rates.

Price risk
The company's customer contracts enable any price increases from key suppliers to be passed on to customers, thus reducing the company's exposure to price risk.

Credit risk
The company's financial assets are cash and trade debtors. The credit risk associated with cash is limited, as the counterparties have high credit ratings by international credit rating agencies.

The principal risk arises therefore from its trade debtors. In order to manage this risk, credit checks are performed on all new customers of allpay limited. In addition, the company's exposure to credit risk is reduced by the trade debtor balance being made up of a significant number of customers, the majority of whom are Housing Associations and Councils, generally recognized as low risk debtors.

The company also has within its standard terms and conditions the ability to withhold debtor's cash from the company's trust accounts should that debtor not pay according to the agreed terms. In this way the bad debt risk is regarded as extremely low.

Cash flow risk
The company's exposure to cash flow risk is reduced by its trading terms with both customers and suppliers being largely matched.

Within the year the company has moved from Lloyds Bank to a new and improved banking facility with Barclays Bank.

Directors' report for the year ended 30 June 2020 (Continued)

Foreign exchange risk
The company's exposure to foreign exchange risk arises from the importation of component parts for the card services business. This risk is managed by forward planning of the sales and purchases and the holding of certain accounts denominated in appropriate currencies.

Going concern
The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to price, credit, liquidity and cash flow risk are described in the Company Strategic Report on pages 2 to 8. When preparing the financial statements, the Directors have considered the following:

- Annual budget for the next 12 months, including consideration of COVID impact.
- Detailed cashflow forecasts for the next 12 months.
- The available headroom within the Barclay Bank facilities.
- The ability to meet capital requirements for at least the next 12 months.

Therefore, the directors believe that the company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue to be able to pay its liabilities as and when they fall due for a period of at least 12 months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Coronavirus
The business continues to trade well and provide high levels of service to customers during the covid-19 pandemic.

allpay's cash position, net assets and net current asset position are very strong. The business continues to be profitable and cash generative. The underlying technology and business resilience places allpay in a good position to ride out the pandemic.

As noted in the going concern section above, management have performed an assessment of the potential impact of COVID-19 on the business including reforecasts, stress test scenarios and available management actions and have a reasonable expectation that the company will be able to pay its liabilities as and when they fall due for a period of at least 12 months from the date of signing the financial statements.

Disclosure of information to the auditor
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- that the director has 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.

Directors' responsibilities statement
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 laws). 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 for that period. In preparing

Directors' report for the year ended 30 June 2020 (Continued)

these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 preparation and detection of fraud and other irregularities.

This report was approved by the Board on 31 December 2020 and signed on its behalf:

Anthony Martin Killeen

A M Killeen
Managing Director

Independent auditor's report to the members of allpay Limited

Opinion

We have audited the financial statements of Allpay Limited (the 'company') for the year ended 30 June 2020 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cashflow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information, including strategic and directors report, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are

Independent auditor's report to the members of allpay Limited (Continued)

required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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; or

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on pages 12-13 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
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.

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.

Independent auditor's report to the members of allpay Limited (Continued)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Kelly Sheppard

Kelly Sheppard (Senior Statutory Auditor)
For and on behalf of BDO LLP, London, Statutory Auditor

31 December 2020

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

Income statement for the year ended 30 June 2020

	Notes	2020 £000	2019 £000
Turnover	2	41,196	42,962
Cost of Sales		(24,807)	(26,763)
Gross Profit		**16,389**	**16,199**
Administrative expenses		(12,390)	(11,612)
Operating Profit	3	**3,999**	**4,587**
Impairment of investments in subsidiaries	5	-	(10,354)
Profit / (Loss) before interest and taxation		**3,999**	**(5,767)**
Interest receivable and similar income	8	-	1,221
Interest payable and similar expense	7	(162)	(1,491)
Profit / (Loss) on ordinary activities before taxation		**3,837**	**(6,037)**
Tax on Profit/(Loss) on ordinary activities	9	(517)	(864)
Profit / (Loss) for the financial year		**3,320**	**(6,901)**

The notes on pages 21 to 33 form part of these financial statements.

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Statement of Financial Position as at 30 June 2020

	Notes		2020 £000		2019 £000
Fixed Assets					
Tangible Assets	11		8,167		8,539
Intangible Assets	10		1,864		1,780
			10,031		**10,319**
Current Assets					
Stocks	12	545		475	
Debtors	14	5,885		6,530	
Cash at bank and in hand	21	760		888	
		7,190		**7,893**	
Creditors: Amounts falling due within one year	15	**(6,091)**		**(13,440)**	
Net Current Assets/ Liabilities			**1,099**		**(5,547)**
Total assets less Current Liabilities			**11,130**		**4,772**
Creditors: Amounts falling due after more than one year	15		**(3,981)**		**(97)**
Provision for Liabilities and charges	17		**(37)**		**(59)**
Net Assets			**7,112**		**4,616**
Capital Reserves					
Called up share capital	18		1		1
Share premium account	20		25		25
Profit and Loss account			7,086		4,590
Shareholder Funds			**7,112**		**4,616**

The financial statements were approved and authorised for issue by the board and were signed on its behalf 31 December 2020.

Anthony Martin Killeen

A.M. Killeen
Managing Director

The notes on pages 21 to 33 form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2020

	Called up Share Capital	Share Premium	Profit and Loss account	Total Equity
	£000	£000	£000	£000
At 1 July 2018	1	25	12,915	12,941
Loss for the year	-	-	(6,901)	(6,901)
Equity dividends paid (note 19)	-	-	(1,424)	(1,424)
At 30 June 2019	**1**	**25**	**4,590**	**4,616**
At 1 July 2019	1	25	4,590	4,616
Profit for the year	-	-	3,320	3,320
Dividends paid (note 19)	-	-	(824)	(824)
At 30 June 2020	**1**	**25**	**7,086**	**7,112**

The notes on pages 21 to 33 form part of these financial statements.

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Statement of Cashflow for the year ended 30 June 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Profit/(Loss) before taxation	3,837	(6,037)
Adjustments for		
Amortisation of intangible fixed assets	1,023	1,122
Impairment of intangible fixed assets	-	118
Impairment of investments in subsidiaries	-	10,354
Depreciation of tangible fixed assets	935	1,196
(Gain)/loss on disposal of fixed assets	(8)	-
Interest paid	162	1,491
Interest received	-	(1,221)
(Increase) / Decrease in stocks	(70)	14
Decrease / (Increase) in debtors	741	1,732
(Decrease) / Increase in creditors	(4,192)	1,730
Taxation		
Corporation tax paid	(1,123)	(636)
Net cash inflow from operating activities	**1,305**	**9,863**
Investing activities		
Interest received	-	1,221
Payments to acquire intangible fixed assets	(1,107)	(1,189)
Payments to acquire tangible fixed assets	(119)	(19)
Receipts from sale of tangible fixed assets	11	-
Funding provided to former subsidiaries	-	(2,199)
Net cash (outflow) from investing activities	**(1,215)**	**(2,186)**
Financing activities		
Interest paid	(118)	(1,433)
Capital element of finance leases	(787)	(523)
Interest element of finance leases	(44)	(58)
Bank loan repayments	1,552	(222)
Increases / (decreases) in overdraft	3	(3,778)
Equity dividends paid	(824)	(824)
Net cash (outflow) from financing activities	**(218)**	**(6,838)**
(Decrease)/increase in cash and cash equivalents	(128)	839
Cash and cash equivalents at 1 July	888	49
Cash and cash equivalents at 30 June	**760**	**888**

The notes on pages 21 to 33 form part of these financial statements.

Notes to financial statements for the year ended 30 June 2020

1. Accounting Policies

a) Statement of compliance

allpay Limited is a limited liability company incorporated in England. The Registered Office is Fortis et Fides, Whitestone Business Park, Whitestone, Herefordshire HR1 3SE. United Kingdom.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 30 June 2020.

b) Basis of preparation of financial statements

The financial statements of allpay Limited were approved for issue by the Board of Directors on 31 December 2020. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

The directors have prepared the financial statements on a going concern basis. The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to price, credit, liquidity and cash flow risk are described in the Company Strategic Report on pages 2 to 8.

When preparing the financial statements, the Directors have considered the following:

- Annual budget for the next 12 months, including consideration of COVID impact.
- Detailed cashflow forecasts for the next 12 months.
- The available headroom within the Barclay Bank facilities.
- The ability to meet capital requirements for at least the next 12 months.

Therefore, the directors believe that the company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue to be able to pay its liabilities as and when they fall due for a period of at least 12 months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

c) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Development expenditure
Development expenditure is capitalised in accordance with the accounting policy given below. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. These are when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of services
Transaction revenue is recognised on the last day of each month in which the transaction was processed.

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

This is on the dispatch of the goods, or delivery of services for the cards business and on the processing of the transaction or card load for the bill payments and prepaid businesses.

Interest Income
Revenue is recognised as interest accrues using the effective interest method.

d) Intangible fixed assets

Research and Development
Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised evenly over the period of expected future benefit, which is assumed to be 3 years. During the period of development, the asset is tested for impairment annually.

e) Tangible fixed assets

Property, Plant and Equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

• Freehold property	2% straight line
• Plant, machinery and IT equipment	10% to 33% straight line
• Motor vehicles	25% straight line
• Fixtures and fittings	Straight line over 15 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

f) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet and the cash flow statement comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less.

g) Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other administrative expenses.

h) Leasing and hire purchase

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

i) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease. Lease incentives are recognised over the lease term on a straight-line basis.

j) Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	purchase cost on a first-in, first out basis.
Work in progress and finished goods	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

k) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

l) Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

m) Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Exchange gains and losses are recognised in the income statement.

n) Provision for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The effect of the time value of money is not material and therefore the provisions are not discounted.

o) Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax. The company operates in two principal areas of activity, that of 'Bill Payments and other Financial and related services. The company operates primarily within the United Kingdom.

Turnover is analysed as follows:

	2020 £000	2019 £000
Turnover		
An analysis of turnover by class of business is as follows		
Bill Payments	37,666	38,489
Other financial and related services	3,530	4,473
Total	**41,196**	**42,962**
An analysis of turnover by geographical area is as follows		
United Kingdom	41,196	42,962
Total	**41,196**	**42,962**

3. Operating Profit

	2020 £000	2019 £000
Operating Profit		
The Operating Profit is stated after charging	3,999	(5,767)
Amortisation of intangible fixed assets	1,023	1,122
Impairment of intangible fixed assets	-	118
Depreciation of tangible fixed assets		
- Owned by the company	818	1,015
- Held under finance leases	117	181
Auditor's remuneration	124	296
Operating lease rentals	50	105
Foreign exchange losses	9	22
Gain on sale of tangible fixed assets	8	-

4. Auditor's remuneration

The remuneration of the auditors or its associates is further analysed as follows:

	2020 £000	2019 £000
Audit of the financial statements	106	100
Taxation compliance services	18	15
Tax advisory services	-	106
Corporate finance services	-	75

The Auditor's remuneration costs for the year ending June 2020 are in relation to BDO LLP, costs for the prior year relate to Ernst & Young LLP.

5. Group restructure in previous year

At 30 April 2019 Rude Wines Limited and Digital Globe Srl were demerged from the Group as part of an HMRC approved restructure of the Group.

Investments and amounts owed by Rude Wines and Digital Globe were impaired to a fair value of £600,000 as part of this restructure and then a dividend in specie of £600,000 was paid to allpay Holdings Limited prior to the demerger (note 19).

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Amounts impaired

	2020 £000	2019 £000
Rude Wines	-	10,076
Digital Globe	-	278
Total	**-**	**10,354**

6. Staff Costs

a) Staff costs

	2020 £000	2019 £000
Wages and salaries	9,696	9,390
Social security costs	928	810
Other pension costs	368	368
	10,992	**10,568**

The average monthly number of employees including directors, during the year was as follows:

	2020	2019
Production staff	29	29
Sales and admin staff	265	263
	294	**292**

b) Directors' remuneration

	2020 £000	2019 £000
Aggregate amounts in respect of qualifying services	574	296
Company pension contributions to defined contribution pension schemes	22	7
In respect of the highest paid director		
Aggregate remuneration	120	112
Company pension contributions to defined contribution pension schemes	5	5

c) Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel.

Total remuneration is respect of these individuals is £781,000 (2019 - £695,000).

7. Interest payable and similar charges

	2020 £000	2019 £000
Interest Payable		
On bank loans and overdrafts	118	103
On finance leases and hire purchase contracts	44	58
Interest on corporation tax payments	-	4
VAT assessment interest	-	1,326
	162	**1,491**

8. Interest receivable

	2020 £000	2019 £000
On inter-company loans to Rude Wines Limited prior to the group restructure	-	1,221

9. Tax

a) Tax on profit on ordinary activities

The tax (credit)/charge is made up as follows:

	2020 £000	2019 £000
Current Tax		
UK corporation tax	538	1,026
Adjustments in respect of prior period	-	(130)
Total Current Tax	**538**	**896**

Deferred Tax

Origination and reversal of timing differences	(11)	(33)
Effect on tax rate change on opening liability	(15)	3
Adjustments in respect of prior period	5	(2)
Total Deferred Tax	**(21)**	**(32)**
Tax on profit on ordinary activities	**517**	**864**

b) Total tax reconciliation

The (credit)/charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2020 £000	2019 £000
Profit/(loss) before tax	**3,837**	**(6,037)**
Tax on profit at standard UK tax rate of 19.00% (2019: 19.00%)	729	(1,147)
Effects of:		
Fixed Asset Difference	28	-
Expenses not deductible	3	2,543
Income not deductible	(11)	-
R&D tax relief	(222)	(403)
Adjustment from previous periods	-	(132)
Adjustment from previous periods – Deferred tax	(15)	-
Tax rate changes	5	3
Tax for the period	**517**	**864**

10. Intangible Assets

	Software and Software Development expenditure £000
Cost:	
At 1 July 2019	5,115
Written off during the year	-
Increase during the year	1,107
At 30 June 2020	**6,222**
Amortisation:	
At 1 July 2019	3,335
Provided during the year	1,023
At 30 June 2020	**4,358**
Carrying value at 30 June 2019	**1,780**
Carrying value at 30 June 2020	**1,864**

Development costs are amortised over their useful lives of 3 years. Amortisation is included in administration expenses in the income statement.

11. Tangible fixed assets

	Freehold property £000	Plant, machinery & IT equipment £000	Motor vehicles £000	Fixtures & fittings £000	**Total £000**
Cost:					
At 1 July 2019	7,902	10,799	180	2,178	**21,059**
Additions	-	560	-	6	**566**
Disposals	-	(32)	(56)	(5)	**(93)**
At 30 June 2020	**7,902**	**11,327**	**124**	**2,179**	**21,532**
Depreciation:					
At 1 July 2019	1,523	9,477	180	1,340	**12,520**
Charge for the year	158	642	-	135	**935**
On disposals	-	(32)	(56)	(2)	**(90)**
At 30 June 2020	**1,681**	**10,087**	**124**	**1,473**	**13,365**
Net book value at 30 June 2019	**6,379**	**1,322**	**-**	**838**	**8,539**
Net book value at 30 June 2020	**6,221**	**1,240**	**-**	**706**	**8,167**

The bank loan is secured by a fixed and floating charge over the company's property.

The net book value of assets held under finance leases or hire purchase agreements, included above are as follows:

	2020 £000	2019 £000
Plant, machinery and IT equipment	373	88

12. Stocks

	2020 £000	2019 £000
Raw materials	474	403
Engineering Parts	71	72
Total Stock	**545**	**475**

The difference between purchase price or production cost of stocks and their replacement cost is not material.

13. Cash balances

At the year-end allpay Limited held £110.0 million (2019: £103.4 million) of client cash in segregated client money accounts with regard to its bill payments business.

At the year-end allpay Limited held £38.2 million (2019: £18.5 million) of client cash in segregated client money accounts with regard to its prepaid business.

The £110.0 million and the £38.2 million are not recognised in these accounts.

Cash and cash equivalents in the balance sheet and the cash flow statement comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less (note 21).

14. Debtors

	2020 £000	2019 £000
Debtors		
Trade debtors	4,324	5,222
Other debtors	-	-
Corporation Tax	96	-
Prepayments and accrued income	1,465	1,308
	5,885	**6,530**

15. Creditors

	2020 £000	2019 £000
Creditors		
Amounts falling due within one year		
Bank loans	458	2,657
Net obligations under finance leases	226	695
Trade creditors	1,327	2,581
Corporation tax	-	489
Other taxation and social security	2,018	3,044
Other creditors	348	226
Accruals and deferred income	1,714	3,748
	6,091	**13,440**

Included in other creditors is the confidential invoicing discounting facility, at the 30 June 2020 the balance of the facility was £2,500. This is secured by a fixed and floating charge over the company's assets with the interest rate margin being base rate plus 1.9%.

	2020 £000	2019 £000
Creditors		
Amounts falling due after more than one year		
Bank loans	3,754	-
Net obligations under finance leases	227	97
	3,981	**97**

The company uses finance leases and hire purchase agreements to acquire plant and machinery. These leases have options to purchase terms included at the end of the initial lease period.

The bank loan is secured by a fixed and floating charge over the company's property with the interest rate margin being base rate plus 1.9%. The term of the loan is 5 years.

16. Operating lease commitments

At 30 June 2020 the company had future minimum rentals payable under non-cancellable operating leases of NIL. The prior year balance payable within one year was £6,000.

17. Provisions for liabilities and charges

	2020 £000	2019 £000
At the beginning of the year	59	91
Utilised in the year	(7)	(30)
Adjustment for prior period	(15)	(2)
At the end of the year	37	**59**

The provision for deferred taxation is made up as follows:

	2020	2019
Short term timing differences	-	-
Excess of taxation allowances over depreciation on fixed assets	**37**	**59**

18. Allotted and issued share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1	1

19. Dividends and other appropriations

	2020 £000	2019 £000
Dividends paid on equity capital	824	824
Dividend in specie on group restructure (note 5)	-	600
	824	**1,424**

20. Reserves

Share premium account
This reserve records the amount above the nominal value received for shares sold, less transaction costs.

21. Notes to the statement of cash flows

Cash and cash equivalents comprise:

	2020 £000	2019 £000
Cash at bank and in hand	760	888

22. Pensions and other post-retirement benefits

allpay operates a defined contribution pension scheme for its staff and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The assets of the scheme are held separately from those of the company.

23. Off balance sheet arrangements

The company enters into operating lease arrangements for the hire of buildings and plant and equipment as these arrangements are a cost-efficient way of obtaining the short-term benefits of these assets. The company lease rental expense for the year is disclosed in Note 3 and the annual company commitments under these arrangements are disclosed in Note 16.

There are no other material off-balance sheet arrangements.

24. Related Party transactions

The company was under the control of Mr. A M Killeen throughout the current and previous year. Mr. Killeen is the managing director of allpay Limited and (together with family interests) owned the entire share capital of the company until 30 April 2019 and after that date he (together with family interests) owned the entire share capital of allpay Holdings Limited, the ultimate parent undertaking.

During the year allpay Limited rented a house from Mr. Killeen at £1,500 per month. The property is for the use of company employees based elsewhere when they are working in Hereford.

During the year the company leased land and buildings from Barnett Waddingham Trustees Limited, administrators of the allpay.net Executive Pension Scheme for £15,708 (2019: £19,633). The property was sold in the year (May 2020).

Dividends of £824,000 (2019: £824,000) were paid to allpay Holdings Limited.

During the year, retirement benefits were accruing to 7 directors (2019: 6) in respect of defined contribution pension schemes

25. Ultimate parent company

The ultimate parent company is allpay Holdings Limited, a company incorporated in England.