

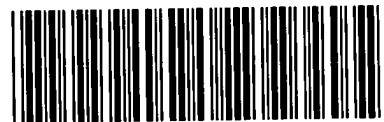
allpay

allpay Limited

Registered number: 02933191

**Annual report and financial statements
for the year ended 30 June 2022**

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allpay Limited

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Company information

Directors

A. M. Killeen
M.C. Pacey
M. Arnold
V. Preece
M. Cotton
P. Lane
N. Woolley

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 2022

The directors present their review of the performance of the business allpay Limited for the year ended 30 June 2022 as well as the financial position of the company as at that date.

Business Review

The company's principal activity remains a payment services provider. allpay is one of a small number of payment services providers offering a comprehensive range of managed bill payments solutions to housing associations, central government, NHS and local authority sectors. allpay's strategically integrated offering to its clients including bill payments, prepaid cards, and card manufacturing.

Financial key performance indicators

As shown in the company's Income Statement on page 10, the Company's revenue has increased by 6% to £40.4 million (2021: £38.3 million). Cost of Sales has increased by 4%. Profit before tax has decreased by 12%.

Principal risks and uncertainties

The company is exposed to a number of risks as a result of the service it provides. allpay applies a well-documented methodology for the identification, assessment, management, and reporting of risks.

The key risks that allpay is exposed to are liquidity risk (normal exposure in the course of our business operations); expenses risk (increases to the underlying expense base of the company); regulatory and legislative risk (changes to the frameworks of the Financial Conduct Authority); price risk (the ability to pass on supplier increases to our clients); client risk (loss of volumes due to clients moving to other payment providers); supplier failure risk (risk of our suppliers acting in a manner that is not in the best interest of allpay or our clients); consumer risk (changing behaviours in consumer payment trends).

Promoting the success of the company and Section 172 (1) Statement of the Companies Act 2006

The directors are aware of their duty under section 172 to act in a way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a. likely consequences of any decisions in the long term

As a business, we consider the potential impact of decisions on both strategic direction and long-term health of the business and people, not only at a Board level but within the wider Senior Management team. Our rolling forecast allows us to understand the short-term impact of these business decisions and can be used to predict how these decisions may impact the business in the long-term.

b. interests of the company's employees

We are committed to acting responsibly towards our people who are at the heart of our business. As an accredited Living Wage employer, and previous winners of the Living Wage Champions award, we have a fantastic record of growing our own people into industry experts and are proud to be an apprentice ambassador in the local community.

We are engaged in initiatives designed to trigger long-term positive change. There are several packages and schemes in place to support from a physical, mental, and financial well-being perspective. A comprehensive learning and development offering with dedicated team of in-house specialists allows our people to access support and training in an environment where learning is at forefront of our agenda. Having built outstanding relationships with external providers we encourage the development of knowledge in new technologies and new ways of working.

Continuous investment into our flexible working proposition as well as on-site facilities including two restaurants serving healthy and nutritious menus, indoor and outdoor recreational spaces, a state-of-the-art gym, and spacious outdoor gardens with dining facilities, is further evidence of an investment into our people.

c. need to foster the company's business relationships with suppliers, clients and others

As a business we review our suppliers on a regular basis. The aim is to increase value for money for our clients whilst matching suppliers with our ambition to grow and build strong agile relationships. Working on a range of shared initiatives helps us to collaborate within the payments industry and ensures we adhere to

the Prompt Payment Code. Due to our history within the space, our client portfolio covers a wide range of public sector and private sector clients. With the opportunity to regularly engage via our Client Advisory Boards, we can ensure our roadmap and priorities are aligned to their needs and ultimately fulfilled via our new (and existing) technology platforms.

d. impact of the company's operations on the community and environment

With an active charity committee, each year our people nominate and chose a locally based charity to support which drives the fundraising focus and gives people an opportunity to get involved. We have also highlighted our commitment to reduce our own environmental footprint. With buy-in from all levels of the business, we are focussed on driving awareness and marginal gains through internal campaigns led our the people.

e. desirability of the company maintaining a reputation for high standards of business conduct, Driven by our accreditations, our people are educated to 'higher than industry standard' expected of a Financial Conduct Authority regulated business. This ensures that monies belonging to our clients is fully safeguarded and protected from fraud and financial crime.

and

f. need to act fairly as between members of the company

Our company has an open and inclusive approach to equality and diversity. Supported by documented policies and procedures we ensure that its approach is fully understood and its impact on us being able to foster the right culture. Our business is underpinned by four fundamental values of Integrity, Collaboration, Curiosity and Agility. Our company and our people believe it is a fundamental right for everyone to be treated equally, with respect and dignity.

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.

This report was approved by the Board on 15 December 2022.

On behalf of the Board



P K Lane
Chief Financial Officer

Directors' report for the year ended 30 June 2022

The directors present their report and audited financial statements for the year ended 30 June 2022.

Financial performance

The company's financial performance is presented in the Income Statement on page 10. The Operating Profit for the year was £3,786,000 (2021: £4,326,000) and profit for the year was £3,188,000 (2021 profit for the year was £3,464,000).

During the year, dividends of £824,000 were declared and paid (2021: £878,000).

Directors

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

A. M. Killeen
M.C. Pacey
M. Arnold
V. Preece (appointed 8 September 2021)
M. Cotton (appointed 8 September 2021)
P. Lane (appointed 28 February 2022)
N. Woolley (appointed 13 April 2022)
C. L. Ewart (resigned 31 August 2021)
S. Foulger (resigned 13 April 2022)

Political donations

During the year the company made political donations of £nil (2021: £nil).

Charitable contributions

During the year the company made donations to a range of causes totaling £3,603 (2021: £9,002).

Post year end events

There are no post balance sheet events.

Employment of disabled people

It is the company's 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.

Engagement with employees

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.

Engagement with suppliers, customers, and others

As a business we review our suppliers on a regular basis. The aim is to increase value for money for our clients whilst matching suppliers with our ambition to grow and build strong agile relationships. Working on a range of shared initiatives helps us to collaborate within the payments industry and ensures we adhere to the Prompt Payment Code. Due to our history within the space, our client portfolio covers a wide range of public sector and private sector clients. With the opportunity to regularly engage via our Client Advisory Boards, we can ensure our roadmap and priorities are aligned to their needs and ultimately fulfilled via our new (and existing) technology platforms.

Directors' report for the year ended 30 June 2022

SECR: Emissions and Energy Consumption

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 'Net Zero Heroes' team that meets to discuss initiatives for carbon reduction and encourages environmental improvements across the business.

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

In the last year, we have continued our review of the estate to identify energy reduction initiatives. We are continuing our investigation into Solar PV on site, but we have completed our conversion to LED lighting.

We have completely removed gas consumption from 3 of our 4 buildings and we have continued to see the use of EV charging points on site of which we now have a total of 7.

We have developed a detailed and comprehensive reporting suit of our electricity consumption to further allow us to analyse our usage and identify areas for improvement.

We have recently partnered with Watershed, a carbon reporting and climate advisory company. We are now actively working with them to comprehensively measure our full carbon footprint and develop a strategy to become Carbon Net Zero. We aim to publish this footprint and strategy document within the next financial year and if required, we will re-publish our SECR calculations.

Streamlined Energy and Carbon Reporting	2020	2021	2022
UK energy use kWh	1,469,346	1,224,491	1,167,576
Associated Greenhouse gas Tonnes CO2 equivalent	339,786	282,258	272,072
Intensity ratio	0.009	0.007	0.007
Associated Greenhouse gas emissions per revenue			

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 2022.

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.

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

- Annual budget for the next 12 months.
- Detailed cashflow forecasts for the next 12 months.
- The available headroom within the Barclays 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

Directors' report for the year ended 30 June 2022

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.

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.

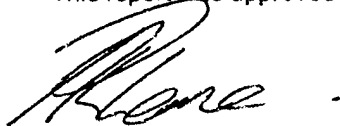
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting standards and applicable laws). 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 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 15 December 2022 and signed on its behalf:



P K Lane
Chief Financial Officer
allpay Limited
Registered number:02933191

Independent auditor's report to the members of allpay 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 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of allpay Limited ("the Company") for the year ended 30 June 2022 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the 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 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.

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

We have nothing to report in this regard.

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

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

irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- 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.
- We identified those laws and regulations that could reasonably be expected to have a material impact on the financial statements of the Company through discussions with management and from our knowledge and experience of payment service firms. We consider the most significant laws and regulations to include the Companies Act 2006, Electronic Money Regulations 2011, FCA rules, requirements of PAYE and VAT legislation and FRS 102 (UK GAAP).
- We assessed the extent of compliance with the laws and regulations identified above through: making enquiries of management; reviewing correspondence with regulators; reviewing minutes of board meetings; and inspecting legal expenditure for evidence of potential non-compliance, litigation or claims.
- We held a discussion among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. 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.
- Using a risk based approach we identified journals that could be indicative of fraud and agreed these to supporting documentation.
- We assessed whether there was evidence of management bias that may have represented a risk of material misstatement in respect of areas of estimation or judgement.
- We tested a sample of expenditure transactions to ensure that they were valid and reported in the correct accounting period.


Our audit procedures were designed to respond to the risk faced by the Company, 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 or intentional misrepresentations, or through collusion. There are inherent limitations in the audit procedures described above 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 would 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:


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

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

22 December 2022

Income statement for the year ended 30 June 2022

	Notes	2022 £'000	2021 £'000
Turnover	2	40,401	38,253
Cost of Sales		(23,387)	(22,560)
Gross Profit		17,014	15,693
Administrative expenses		(13,228)	(11,367)
Operating Profit	3	3,786	4,326
Profit before interest and taxation		3,786	4,326
Interest receivable and similar income	6	2	0
Interest payable and similar expense	7	(110)	(117)
Profit on ordinary activity before taxation		3,678	4,209
Tax on Profit on Ordinary activities	8	(490)	(745)
Profit for the financial year		3,188	3,464

The notes on pages 14 to 26 form part of these financial statements.

Statement of financial position as at 30 June 2022

	Notes	2022 £000	2021 £000
Fixed assets			
Tangible assets	9	8,846	8,649
Intangible assets	8	1,092	1,465
		9,938	10,114
Current assets			
Stocks	10	891	675
Debtors	12	6,606	5,997
Cash at bank and in hand	19	3,869	2,589
		11,366	9,261
Creditors: Amounts falling due within one year	13	(5,704)	(5,545)
Net current assets		5,662	3,716
Total assets less current liabilities		15,600	13,830
Creditors: Amounts falling due after more than one year	13	(3,013)	(3,641)
Provision for liabilities and charges	15	(525)	(491)
Net assets		12,062	9,698
Capital reserves			
Called up share capital	16	1	1
Share premium account	18	25	25
Profit and loss account		12,036	9,672
Shareholder funds		12,062	9,698

The financial statements were approved and authorised for issue by the board and were signed on its behalf 15 December 2022.

P.K. Lane
Chief Financial Officer



The notes on pages 14 to 26 form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2022

	Called up share capital	Share premium	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2020	1	25	7,086	7,112
Profit for the year	-	-	3,464	3,464
Equity dividends paid (note 17)	-	-	(878)	(878)
At 30 June 2021	1	25	9,672	9,698
At 1 July 2021	1	25	9,672	9,698
Profit for the year	-	-	3,188	3,188
Equity dividends paid (note 17)	-	-	(824)	(824)
At 30 June 2022	1	25	12,036	12,062

The notes on pages 14 to 26 form part of these financial statements.

Statement of cashflow for the year ended 30 June 2022

	2022 £000	2021 £000
Cash flows from operating activities		
Operating profit for the financial year	3,786	4,326
Adjustments for		
Amortisation of intangible fixed assets	734	829
Depreciation of tangible fixed assets	1,001	914
Loss/(gain) on disposal of fixed assets	126	(32)
(Increase) in stocks	(216)	(130)
(Increase)/decrease in debtors	(841)	23
Increase/(decrease) in creditors	41	(557)
Exchange rate movement on hire purchase creditor	(7)	-
Taxation		
Corporation tax paid	(68)	(427)
Net cash inflow from operating activities	4,556	4,946
Investing activities		
Interest received	2	-
Payments to acquire intangible fixed assets	(361)	(532)
Payments to acquire tangible fixed assets	(1,313)	(1,051)
Receipts from sale of tangible fixed assets	10	216
Net cash (outflow) from investing activities	(1,662)	(1,367)
Financing activities		
Interest paid	(95)	(79)
Capital element of finance leases	(225)	(298)
Interest element of finance leases	(15)	(37)
Bank loan (repayments)	(455)	(455)
(Decrease) in overdraft	-	(3)
Equity dividends paid	(824)	(878)
Net cash (outflow) from financing activities	(1,614)	(1,750)
Net increase in cash and cash equivalents	1,280	1,829
Cash and cash equivalents at 1 July 2021	2,589	760
Cash and cash equivalents at 30 June 2022	3,869	2,589

The notes on pages 14 to 26 form part of these financial statements.

Notes to financial statements for the year ended 30 June 2022

1. Accounting Policies

a) Statement of compliance

allpay Limited is a limited liability company incorporated in England under the Companies Act. 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 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland as it applies to the financial statements of the Company for the year ended 30 June 2022

b) Basis of preparation of financial statements

The financial statements of allpay Limited were approved for issue by the board of directors on 15 December 2022. 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's Strategic report on pages 2 to 3.

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

- Annual budget for the next 12 months.
- 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. This is 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 accrued 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 recognised 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, using the straight line method. The estimated useful lives range as follows:

Freehold property	50 years
Plant, machinery and IT equipment	3 to 10 years
Motor vehicles	4 years
Fixtures and fittings	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:

	2022 £000	2021 £000
Turnover		
An analysis of turnover by class of business is as follows		
Bill Payments	34,409	34,796
Other financial and related services	5,992	3,457
Total	40,401	38,253
An analysis of turnover by geographical area is as follows		
United Kingdom	40,401	38,253
Total	40,401	38,253

3. Operating profit

	2022 £000	2021 £000
Operating profit	3,786	4,326
The Operating profit is stated after charging		
Amortisation of intangible fixed assets	734	829
Impairment of intangible fixed assets	-	102
Depreciation of tangible fixed assets		
- Owned by the company	781	675
- Held under finance leases	220	239
Auditor's remuneration	155	127
Operating lease rentals	42	43
Foreign exchange losses/(gains)	44	(10)
Loss/(gain) on sale of tangible fixed assets	126	(38)

4. Auditor's remuneration

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

	2022 £000	2021 £000
Audit of the financial statements	123	107
Taxation compliance services	32	20

5: Staff costs

a) Staff costs

	2022 £000	2021 £000
Wages and salaries	8,753	8,901
Social security costs	786	841
Other pension costs	341	348
	9,880	10,090

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

	2022	2021
Production staff	27	29
Sales and admin staff	229	237
	256	266

b) Directors' remuneration

	2022 £000	2021 £000
Aggregate amounts in respect of qualifying services	683	474
Company pension contributions to defined contribution pension schemes	36	22

In respect of the highest paid director

Aggregate remuneration	163	128
Company pension contributions to defined contribution pension schemes	4	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 in respect of these individuals is: £802,000 (2021: £727,000).

6. Interest payable and similar charges

	2022 £000	2021 £000
Interest payable		
On bank loans and overdrafts	80	79
On finance leases and hire purchase contracts	30	38
	110	117

7. Tax

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2022 £000	2021 £000
Current tax		
UK corporation tax	426	328
Adjustments in respect of prior period	30	(37)
Total current tax	456	291
 Deferred tax		
Origination and reversal of timing differences	75	264
Effect of tax rate change on opening liability	(41)	136
Adjustments in respect of prior period	-	54
Total deferred tax	34	454
 Tax on profit on ordinary activities	490	745

b) Total tax reconciliation

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

	2022	2021
	£000	£000
Profit before tax	3,678	4,209
Tax on profit at standard UK tax rate of 19.00% (2021: 19.00%)	699	800
Effects of:		
Fixed asset difference	(2)	(21)
Expenses not deductible	-	7
Income not deductible	-	(4)
R&D tax relief	(214)	(251)
Group relief (claimed)	-	(3)
Adjustments to tax charge in respect of previous periods	30	(37)
Adjustment from previous periods – deferred tax	(41)	136
Tax rate changes – deferred tax	18	118
Tax for the period	490	745

8. Intangible assets

	Software and software development expenditure £000
Cost:	
At 1 July 2021	6,585
Written off during the year	(3,870)
Increase during the year	361
At 30 June 2022	3,076
Amortisation:	
At 1 July 2021	5,120
Provided during the year	734
Written off during the year	(3,870)
At 30 June 2022	1,984
Carrying value at 30 June 2021	1,465
Carrying value at 30 June 2022	1,092

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

9. Tangible fixed assets

	Freehold property £000	Plant, machinery & IT equipment £000	Motor vehicles £000	Fixtures & fittings £000	Total £000
Cost:					
At 1 July 2021	7,902	11,401	127	2,606	22,036
Additions	-	968	-	366	1,334
Disposals	(60)	(4,389)	(96)	(1,481)	(6,026)
At 30 June 2022	7,842	7,980	31	1,491	17,344
Depreciation:					
At 1 July 2021	1,839	9,813	124	1,611	13,387
Charge for the year	158	662	1	180	1,001
On disposals	(10)	(4,383)	(96)	(1,401)	(5,890)
At 30 June 2022	1,987	6,092	29	390	8,498
Net book value at 30 June 2021	6,063	1,588	3	995	8,649
Net book value at 30 June 2022	5,855	1,888	2	1,101	8,846

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

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

	2022 £000	2021 £000
Plant, machinery and IT equipment	348	417

10. Stocks

	2022 £000	2021 £000
Raw materials	808	602
Engineering parts	83	73
Total stock	891	675

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

11. Cash balances

At the year-end allpay Limited held £127.8 million (2021: £121.7 million) of client cash in segregated client money accounts with regards to its bill payments business.

At the year-end allpay Limited held £91.6 million (2021: £50.6 million) of client cash in segregated, safeguarded client money accounts with regards to its prepaid business.

The £127.8 million and the £91.6 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 19).

12. Debtors

	2022 £000	2021 £000
Debtors		
Trade debtors	5,280	4,605
Corporation tax	-	231
Other debtors	7	-
Prepayments and accrued income	1,319	1,161
	6,606	5,997

13. Creditors

	2022 £000	2021 £000
Creditors		
Amounts falling due within one year		
Bank loans	455	455
Net obligations under finance leases	203	240
Trade creditors	1,562	1,356
Other taxation and social security	1,063	881
Other creditors	274	234
Accruals and deferred income	1,991	2,379
Corporation tax	156	-
	5,704	5,545

Included in other creditors is the confidential invoicing discounting facility, at 30 June 2022 the balance of the facility was £nil. 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%.

	2022 £000	2021 £000
Creditors		
Amounts falling due after more than one year		
Bank loans	2,844	3,299
Net obligations under finance leases	169	342
	3,013	3,641

Total of future minimum lease payment under the finance leases:

	2022 £000	2021 £000
In one year or less	203	240
In more than one year but not more than five years	169	342

The company uses finance leases and hire purchase agreements to finance 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, the repayments have been calculated on the basis of a 10-year repayment profile.

14. Operating lease commitments

At 30 June 2022 the company had future minimum rentals payable under non-cancellable operating leases as follows:

	2022 £000	2021 £000
Not later than one year	44	0
Later than one year and not later than five years	59	0

15. Provisions for liabilities and charges

Deferred tax liabilities

	2022	2021
	£000	£000
At the beginning of the year	491	37
Utilised in the year	75	318
Adjustment for prior period	(41)	136
At the end of the year	525	491

The provision for deferred taxation is made up as follows:

Short term timing differences	(19)	(17)
Excess of taxation allowances over depreciation on fixed assets	544	508

16. Allotted and issued share capital

	2022	2021
	£000	£000
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1	1

17. Dividends and other appropriations

	2022	2021
	£000	£000
Dividends paid on equity capital	824	878
	824	878

18. Reserves

Share premium account

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

19. Note to the statement of cashflow

Cash and cash equivalents comprise:

	2022	2021
	£000	£000
Cash at bank and in hand	3,869	2,589

20. 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. Included within creditors is a balance due of £71,936 (2021: £73,454) as at the year-end representing one month's contributions.

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

21. Net debt reconciliation

	1 July 2021 £000	Cash flows £000	New finance lease £000	Other non-cash changes £000	30 June 2022 £000
Cash at bank and in hand	2,589	1,280	-	-	3,869
Obligation under finance leases	(582)	225	(21)	6	(372)
Bank loans	(3,754)	455	-	-	(3,299)
Net (debt)/funds	(1,747)	1,960	(21)	6	198

22. 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 14.

There are no other material off-balance sheet arrangements.

23. Related Party transactions

The company was under the control of Mr. A M Killeen throughout the current and previous year. Mr. Killeen is the Chief Executive Officer of allpay Limited and (together with family interests) owns the entire share capital of allpay Holdings Limited, the ultimate parent undertaking.

During the year allpay Limited rented a property from Mr. Killeen. Total rent paid in the year was £4,500 (2021: £1,500). The property was for the use of company employees based elsewhere when they were working in Hereford.

Dividends of £824,000 (2021: £878,000) were paid to allpay Holdings Limited.

During the year, retirement benefits were accruing to 8 directors (2021: 5) in respect of defined contribution pension schemes.

24. Ultimate parent company

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