

PAYMENT SOLUTIONS LIMITED

FINANCIAL STATEMENTS

31 MAY 2015

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PAYMENT SOLUTIONS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2015

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PAYMENT SOLUTIONS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 MAY 2015

The directors present their report and the financial statements of the company for the year ended 31 May 2015.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of processing of direct debit payments.

DIRECTORS

The directors who served the company during the year were as follows:

Mr M Hughes	
Mr T C Jones	
Mr R Daniel	
Mrs S J Jones	
Mrs P Downey Jones	(Appointed 4 August 2014)
Dr J M Hargrave	(Appointed 15 September 2014)
Mr S Drewett	(Resigned 14 July 2014)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

AUDITOR

Menzies LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

PAYMENT SOLUTIONS LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MAY 2015

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Registered office:
One Windlesham Court
51, Guildford Road
Bagshot
Surrey
United Kingdom
GU19 5NG

Signed on behalf of the directors



Mr T C Jones

Director

Approved by the directors on 06.11.2015

PAYMENT SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PAYMENT SOLUTIONS LIMITED

YEAR ENDED 31 MAY 2015

We have audited the financial statements of Payment Solutions Limited for the year ended 31 May 2015 on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemptions from the requirement to prepare a strategic report.

Janice Matthews

JANICE MATTHEWS FCA (Senior Statutory Auditor)
For and on behalf of MENZIES LLP
Chartered Accountants & Statutory Auditor

Centrum House
36 Station Road
Egham
Surrey TW20 9LF

6 November 2015

PAYMENT SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MAY 2015

	Note	2015 £	2014 £
TURNOVER		2,691,618	2,174,675
Cost of sales		615,716	540,201
GROSS PROFIT		2,075,902	1,634,474
Distribution costs		57,887	21,267
Administrative expenses		1,626,347	1,575,541
OPERATING PROFIT	2	391,668	37,666
Attributable to:			
Operating profit before exceptional items		329,223	262,794
Exceptional items	2	62,445	(225,128)
		391,668	37,666
Interest receivable		8,614	8,994
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		400,282	46,660
Tax on profit on ordinary activities	4	(61,152)	15,879
PROFIT FOR THE FINANCIAL YEAR		461,434	30,781

The notes on pages 6 to 10 form part of these financial statements.

PAYMENT SOLUTIONS LIMITED

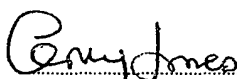
BALANCE SHEET

31 MAY 2015

	Note	2015 £	£	2014 £	£
FIXED ASSETS					
Intangible assets	6		341,090		-
Tangible assets	7		104,910		320,712
			446,000		320,712
CURRENT ASSETS					
Debtors	8	371,984		264,672	
Cash at bank and in hand		1,034,580		1,220,058	
			1,406,564		1,484,730
			1,852,564		1,805,442
CAPITAL AND RESERVES					
Called-up share capital	10		687,100		687,100
Share premium account	11		28,551		15,740
Profit and loss account	12		663,575		382,141
SHAREHOLDERS' FUNDS			1,379,226		1,084,981
PROVISIONS FOR LIABILITIES					
Deferred taxation	13	52,714		38,652	
Other provisions	14	-		225,128	
CREDITORS: Amounts falling due within one year	15	420,624		456,681	
			473,338		984,241
			1,852,564		1,805,442

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These accounts were approved by the directors and authorised for issue on 6.11.2015, and are signed on their behalf by:


Mr T C Jones

Company Registration Number: 03493808

The notes on pages 6 to 10 form part of these financial statements.

PAYMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Turnover

The turnover shown in the profit and loss account represents amounts receivable for goods and services provided during the year in the normal course of business, net of trade discounts, VAT and other sales and related taxes.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Software Development - 20% - 33% per annum straight line

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery - 25% per annum reducing balance
Fixtures & Fittings - 25% per annum reducing balance
Equipment - 33% per annum straight line

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.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- 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.

Pension costs

The company makes contributions to certain employees' personal pension schemes. The annual contributions payable are charged to the profit and loss account.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2015 £	2014 £
Staff pension contributions	15,911	10,299
Amortisation of intangible assets	35,943	-
Depreciation of owned fixed assets	30,481	96,832
Auditor's fees	7,600	6,950
Exceptional items - EBT Settlement	(65,968)	225,128
Exceptional items - Deposits released	(95,134)	-
Exceptional items - Valuation and legal fees relating to share buyback	98,657	-

PAYMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2015

3. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2015 £	2014 £
Aggregate remuneration	332,322	229,382
Value of company pension contributions to money purchase schemes	8,287	5,133
	<u>340,609</u>	<u>234,515</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2015 No	2014 No
Money purchase schemes	<u>3</u>	<u>1</u>

An Equity Bonus Scheme ('EBS') has been set up as an incentive for those directors of the company who are not also shareholders. The EBS provides a reward opportunity for eligible participants should an 'Exit Event' occur which is defined as a sale of a majority shareholding in the Company. Participants must still be employed by the Company at the time of the Exit Event. The level of reward is based on the the participants' salary and is determined both by their length of service and by the realised valuation of the Company.

4. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2015 £	2014 £
Current tax:		
In respect of the year:		
UK corporation tax net of refunds and release of provisions	(75,214)	(12,473)
Total current tax	<u>(75,214)</u>	<u>(12,473)</u>
Deferred tax:		
Origination and reversal of timing differences	14,062	28,352
Tax on profit on ordinary activities	<u>(61,152)</u>	<u>15,879</u>

5. DIVIDENDS

Equity dividends

	2015 £	2014 £
Paid during the year:		
Equity dividends on ordinary shares	<u>180,000</u>	<u>118,535</u>

PAYMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2015

6. INTANGIBLE FIXED ASSETS

	Software Development £
COST	
Additions	131,023
Transfers	321,879
At 31 May 2015	<u>452,902</u>
AMORTISATION	
Charge for the year	35,943
Transfers	75,869
At 31 May 2015	<u>111,812</u>
NET BOOK VALUE	
At 31 May 2015	<u>341,090</u>
At 31 May 2014	<u>-</u>

7. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Furniture £	Office Equipment £	Software £	Total £
COST					
At 1 June 2014	10,607	87,033	73,557	321,602	492,799
Additions	-	4,569	65,257	-	69,826
Disposals	-	(422)	(8,715)	-	(9,137)
Transfers	-	(11,490)	11,213	(321,602)	(321,879)
At 31 May 2015	<u>10,607</u>	<u>79,690</u>	<u>141,312</u>	<u>-</u>	<u>231,609</u>
DEPRECIATION					
At 1 June 2014	10,175	52,706	33,337	75,869	172,087
Charge for the year	108	6,671	23,702	-	30,481
Transfers	-	-	-	(75,869)	(75,869)
At 31 May 2015	<u>10,283</u>	<u>59,377</u>	<u>57,039</u>	<u>-</u>	<u>126,699</u>
NET BOOK VALUE					
At 31 May 2015	<u>324</u>	<u>20,313</u>	<u>84,273</u>	<u>-</u>	<u>104,910</u>
At 31 May 2014	<u>432</u>	<u>34,327</u>	<u>40,220</u>	<u>245,733</u>	<u>320,712</u>
Capital commitments					
			2015		2014
			£		£
Contracted but not provided for in the financial statements			<u>8,910</u>		<u>62,460</u>

8. DEBTORS

	2015	2014
	£	£
Trade debtors	310,698	226,534
Other debtors	61,286	38,138
	<u>371,984</u>	<u>264,672</u>

PAYMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2015

8. DEBTORS (continued)

The debtors above include the following amounts falling due after more than one year:

	2015 £	2014 £
Other debtors	<u>28,551</u>	<u>15,740</u>

9. TRANSACTIONS WITH DIRECTORS

	T C Jones £	S Drewett £	M Hughes £	Total £
At 1 June 2013	1,035	7,870	7,870	16,775
Increase in borrowings	–	12,811	–	12,811
Amounts repaid	<u>(1,035)</u>	<u>–</u>	<u>–</u>	<u>(1,035)</u>
At 31 May 2014	<u>–</u>	<u>20,681</u>	<u>7,870</u>	<u>28,551</u>
At 1 June 2014	<u>–</u>	<u>20,681</u>	<u>7,870</u>	<u>28,551</u>
At 31 May 2015	<u>–</u>	<u>20,681</u>	<u>7,870</u>	<u>28,551</u>

10. SHARE CAPITAL

Allotted, called up and fully paid:

	2015 No	£	2014 No	£
Ordinary A shares of £0.10 each	750	75	750	75
Ordinary B shares of £0.10 each	250	25	250	25
Preference shares of £1 each	<u>687,000</u>	<u>687,000</u>	<u>687,000</u>	<u>687,000</u>
	<u>688,000</u>	<u>687,100</u>	<u>688,000</u>	<u>687,100</u>

11. SHARE PREMIUM ACCOUNT

	2015 £	2014 £
Balance brought forward	15,740	15,740
Premium on shares	<u>12,811</u>	<u>–</u>
Balance carried forward	<u>28,551</u>	<u>15,740</u>

12. PROFIT AND LOSS ACCOUNT

	2015 £	2014 £
Balance brought forward	382,141	469,895
Profit for the financial year	461,434	30,781
Equity dividends	<u>(180,000)</u>	<u>(118,535)</u>
Balance carried forward	<u>663,575</u>	<u>382,141</u>

PAYMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2015

13. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2015 £
Provision brought forward	38,652
Profit and loss account movement arising during the year	14,062
Provision carried forward	<u>52,714</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2015 £	2014 £
Excess of taxation allowances over depreciation on fixed assets	89,200	63,175
Tax losses available	(36,486)	(24,523)
	<u>52,714</u>	<u>38,652</u>

14. OTHER PROVISIONS

	2015 £	2014 £
EBT settlement	-	225,128

The company has previously entered into an employee incentive arrangement, the tax treatment of which was subject to inquiry by HMRC. The directors of the company, having sought specialist advice and have settled the liability during the year.

15. CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	63,387	47,818
Other taxation and social security	118,013	83,914
Other creditors	239,224	324,949
	<u>420,624</u>	<u>456,681</u>

16. COMMITMENTS UNDER OPERATING LEASES

At 31 May 2015 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2015 £	2014 £
Operating leases which expire:		
Within 1 year	14,413	14,183
Within 2 to 5 years	16,888	16,888
	<u>31,301</u>	<u>31,071</u>

17. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard for Smaller Entities (effective 2008).

18. ULTIMATE CONTROLLING PARTY

The company was under the control of Mr T C Jones and Mrs S J Jones, directors of the company, who together are the majority shareholders.