

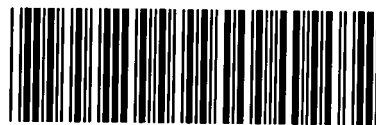
# THE GIFT & LOYALTY COMPANY LIMITED

## AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS

Registration Number: 03941797

YEAR TO 31 MARCH 2018

THURSDAY



\*A7YAL9JS\*

A21

31/01/2019

#76

COMPANIES HOUSE

Navigation House,  
Belmont Wharf, Skipton,  
North Yorkshire BD23 1RL.

enquiries@contis.com  
+44 (0)1746 693 245  
www.contis.com

Company Number 03941797. Registered in England.

<b>Contents</b>	<b>Page No.</b>
Directors' Report	3-5
Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements	6
Independent Auditor's Report to the Members of The Gift & Loyalty Company Limited	7-8
Statement of Profit and Loss and Other Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Cash Flow Statement	12
Notes	13-23

## Directors' Report

The Directors present their report and financial statements for the year ended 31 March 2018.

### Amendment of financial statements for the year ended 31 March 2018

On 10 December 2018 a set of dormant company accounts were filed on behalf of the Company in error. The error was the result of an administrative mistake whereby the statutory books of the Company were selected from the Companies House WebFiling portal rather than those of a dormant sister company that had intended to be filed. The dormant company, GTP Solutions, has never traded. These amended financial statements replace the original accounts filed on 10 December 2018 and are the statutory accounts of the Company, prepared at the same date as the original accounts.

### Business Review

The principal activity of the Company in the period under review was that of operating and developing Loyalty Schemes and Prepaid Gift Card Schemes for major international brands.

The Company holds a number of important client relationships with international and significant retail and commercial brands, which in themselves provide the Company with an excellent set of established reference points for future business development.

The business is operating in a very timely and dynamically expanding market space, where due to the current economic climate there is a need for retailers to drive foot fall and develop alternative and acceptable ways of allowing their products and services to be gifted.

There is a significant move from paper based gift vouchers to plastic cards and the core networked on line solutions The Gift & Loyalty Company offer.

There has also been a major increase in the corporate rewards market where gift cards are used to improve the well-being of employees by rewarding them for extra efforts or increased contribution through the use of gift cards they can use in their leisure time.

The Company has also developed a range of virtual gift card solutions where gifts can be given over the internet or via mobile networks in real time as incentives for visiting a retailer or choosing to use a particular service.

### Principal Income Streams for The Gift & Loyalty Company

The Company earns revenues from programme set up, card creation and transaction fees relating to the cards.

### Principal Risks and Uncertainties

The management of the business and the execution of its strategy are subject to a number of potential risks. The key business risks and uncertainties that could affect the Company are considered to relate to the value of the investment that is made, the level of income generated by its platform, fraud attacks, plus any regulatory changes that may occur in the gift card services market. The Directors mitigate these risks by closely monitoring their investments and business functions, plus ensuring that they keep abreast of all legislation that effect payments in the areas that the Company operates in.

Following the United Kingdom's decision to leave the European Union in June 2016, there is much speculation about the impact of the current Brexit negotiations. The Company operates predominantly in the UK, within an unregulated market, and as a result the directors do not anticipate that the current negotiations will have a material impact on the Company or its future prospects.

### Key Performance Indicators

During the year ended 31 March 2018 the Company processed 1,117,538 transactions (2017: 1,137,905 transactions).

### Results & Dividends

Results of the year are set out in the profit and loss accounts on page 9. The loss for the year was £885,287 (2017: £816,899).

The Directors are confident the business will be funded by on-going investment in terms of loans from its parent company Contis Group Limited.

The Directors do not recommend the payment of the final dividend (2017: nil)

## **Directors' Report (continued)**

### **Directors**

The following directors have held office during the financial year:

Peter J Cox  
Lee Johnstone  
Flavia Alzetta (appointed 1 June 2017)

### **Creditor Payment Policy**

The Company's current policy concerning the payment of trade creditors is to:

- (i) Settle the terms of payment with the suppliers when agreeing the terms of each transaction.
- (ii) Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts.
- (iii) Pay in accordance with the company's contractual and other legal obligations.

The Company's trade creditors at 31 March 2018 were equivalent to 0 days of purchases (2017: 120 days).

### **Auditors**

A resolution proposing that KPMG LLP be reappointed as the Company's Auditors will be put to the Annual General Meeting of the Company.

### **Disclosure of Information to Auditors**

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Statement of Going Concern**

The financial statements are prepared on a going concern basis. At 31 March 2018 the Company had net current liabilities of £2,891,951 and net liabilities of £2,891,951 and generated a loss for the 12 month period to 31 March 2018 of £885,287. As disclosed in the parent's group accounts for the year ended 31 March 2018, the Group relies on the long standing support of its shareholders for its projected further funding requirements. To date the principal shareholders have supplied the working capital needs of the Group through the purchase of new shares in the parent company and provision of secured interest-bearing loans. The directors are satisfied that the Company has the resources to continue in business for the foreseeable future. Further information can be found in note 1 to the financial statements.

### **Political and charitable contributions**

The Company did not make any charitable or political donations during the year (2017: £nil).

## Directors' Report (continued)

### Future Outlook

The Company is now positioned to expand its portfolio of programmes and grow its on-going revenues from existing client relationships.

By order of the Board



P J Cox  
Director

30 January 2019

## **Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements**

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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities. Under section 454 of the Companies Act 2006 the directors have the authority to revise financial statements or the directors' report if they do not comply with the Act. The revised financial statements must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008. These require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

## **Independent Auditor's Report to the member of The Gift & Loyalty Company Limited**

### **Opinion**

We have audited the financial statements of The Gift & Loyalty Company Limited ("the company") for the year ended 31 March 2018 which comprise the Statement of profit and loss and other comprehensive income, balance sheet, statement of changes in equity, cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease their operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Independent Auditor's Report to the member of The Gift & Loyalty Company Limited (continued)**

### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required 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; and
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.

**David Allen (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 Sovereign Square  
Leeds  
LS1 4DA

**26** January 2019



## Statement of Profit and Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Note	2018 £	2017 £
<b>Revenue</b>		284,747	317,608
Cost of sales		(39,787)	(46,242)
<b>Gross profit</b>		244,960	271,366
Other operating expenses		(1,130,247)	(1,088,265)
<b>Operating loss</b>	2	(885,287)	(816,899)
Finance income/(cost)	5	–	–
<b>Loss before tax</b>		(885,287)	(816,899)
Taxation	6	–	–
<b>Loss for the period</b>		(885,287)	(816,899)
<b>Other comprehensive income</b>		–	–
<b>Total comprehensive loss for the period</b>		(885,287)	(816,899)

The notes on pages 13 to 23 form an integral part of these financial statements.

## Balance Sheet

As at 31 March 2018

		31 March 2018	31 March 2017
	Note	£	£
<b>Current assets</b>			
Trade and other receivables	9	1,055,370	831,012
Cash and cash equivalents		16,158	35,571
		<u>1,071,528</u>	<u>866,583</u>
<b>Total assets</b>		<u>1,071,528</u>	<u>866,583</u>
<b>Current liabilities</b>			
Trade and other payables	10	(4,957)	(21,348)
Other payables	11	(3,886,522)	(2,779,899)
		<u>(3,891,479)</u>	<u>(2,801,247)</u>
<b>Non-current liabilities</b>			
Other payables		–	–
<b>Total liabilities</b>		<u>(3,891,479)</u>	<u>(2,801,247)</u>
<b>Net liabilities</b>		<u>(2,819,951)</u>	<u>(1,934,664)</u>
<b>Equity</b>			
Share capital	13	2	2
Retained earnings		(2,819,953)	(1,934,666)
<b>Total shareholders' liabilities</b>		<u>(2,819,951)</u>	<u>(1,934,664)</u>

These financial statements were approved by the board on 30 January 2019 and were signed on its behalf by:



**P J Cox**

Director

Company registration number: 03941797

The notes on pages 13 to 23 form an integral part of these financial statements.

## Statement of Changes in Equity

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2016	2	(1,117,767)	(1,117,765)
Loss for the period	–	(816,899)	(816,899)
<b>Balance at 31 March 2017</b>	<b>2</b>	<b>(1,934,666)</b>	<b>(1,934,664)</b>
Loss for the period	–	(885,287)	(885,287)
<b>Balance at 31 March 2018</b>	<b>2</b>	<b>(2,819,953)</b>	<b>(2,819,951)</b>

The notes on pages 13 to 23 form an integral part of these financial statements.

## Cash Flow Statement

For the year ended 31 March 2018

	31 March 2018 £	31 March 2017 £
<b>Loss before tax</b>	(885,287)	(816,899)
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	–	–
<b>Movement in working capital:</b>		
Trade and other receivables	(224,358)	(176,930)
Trade and other payables	1,090,232	949,730
<b>Cash used in operations</b>	<b>(19,413)</b>	<b>(44,099)</b>
<b>Cash outflow from operating activities</b>	<b>(19,413)</b>	<b>(44,099)</b>
<b>Cash inflow from investing activities</b>	–	–
<b>Cash inflow from financing activities</b>	–	–
Net decrease in cash	(19,413)	(44,099)
Cash and cash equivalents at 1 April	35,571	79,670
<b>Cash and cash equivalents at 31 March</b>	<b>16,158</b>	<b>35,571</b>

The notes on pages 13 to 23 form an integral part of these financial statements.

## Notes to the Financial Statements

---

### 1. Accounting policies

The Gift & Loyalty Company Limited is a private company, limited by shares, incorporated and domiciled in the United Kingdom.

The registered office of The Gift & Loyalty Company Limited is Navigation House, Belmont Wharf, Skipton, United Kingdom, BD23 1RL.

The Company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. These financial statements are prepared on the historical cost basis.

The functional currency of the Company is GBP. The Company's financial statements are presented in GBP and all values are rounded to the pound, except where otherwise indicated.

The financial statements for the year ended 31 March 2018 have been amended. On 10 December 2018 a set of dormant company accounts were filed on behalf of the Company in error. The error was the result of an administrative mistake whereby the statutory books of the Company were selected from the Companies House WebFiling portal, rather than those of a dormant sister company that had intended to be filed. The dormant company, GTP Solutions, has never traded. These amended financial statements replace the original accounts filed on 10 December 2018 and are the statutory accounts of the Company, prepared at the same date as the original accounts.

#### 1.1 Measurement convention

These financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The financial statements are prepared on a going concern basis, notwithstanding that the Company has reported an operating loss of £885,287 for the year to 31 March 2018 (2017: £816,899 loss), operating cash outflows of £19,413 (2017: £44,099), net liabilities of £2,819,951 (2017: £1,934,664), and cash of £16,158 (2017: £35,571). The losses have arisen during a period of investment in the Company's technical capabilities, infrastructure and people, in order to support and accelerate future growth. In common with other developing technology businesses, the Company has reliant on support from the Group during this period of investment. The working capital needs of the Company up to the approval of these accounts have been provided by other group companies.

The directors of the Company and its parent company have prepared cash flow forecasts for the for the period to March 2020 which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds, through its existing funding from its investors and its overdraft facility, to meet its liabilities as they fall due for that period.

As disclosed in the parent's group accounts for the year ended 31 March 2018, those forecasts assume that the Group's investors will not seek repayment of the amounts currently due, which at 31 March 2018 amounted to £7.4m, and that they will provide some additional financial support in early 2019 to assist with the Group's application for an e-money licence in Lithuania. The Group's investors have indicated their intention to continue to make available such funds as are needed by the Group, and that they do not intend to seek repayment of the amounts due at the balance sheet date, for a period of 13 months from the approval of these financial statements. As with any company placing reliance on investors for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors have applied reasonably possible downsides to their base case cash flow forecasts to assess the possible impact of reduced forecast income streams, not receiving additional funding from its investors and the possible impact of a 'no deal' Brexit. The forecasts took into account the directors' plans to mitigate the effect of the events and conditions, for example through reducing its cost based to reflect the lower transaction volumes. The downside forecasts indicate that the Group will have sufficient funds, through its existing funding from its investors and its overdraft facility, to meet its liabilities as they fall due for that period.

The Group has indicated its intention to continue to make available such funds as are needed by the Company, and that group companies will not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 15 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

## Notes (continued)

### 1. Accounting policies (continued)

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at the date. Foreign exchange differences arising on translation are recognised in the statement of profit and loss and other comprehensive Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

#### 1.4 Revenue recognition

Revenue reflects amounts invoiced to clients.

Revenues are generated from our clients in the form of set up fees, annual / monthly charges, transaction fees and card production and fulfilment. All charges and fees are collected by invoice to the client.

Both set up fees and annual charges are recognised at the time of invoice. Monthly charges and transaction fees are invoiced at the end of the month in which the activity occurred. Card production and fulfilment are invoiced at the point cards have been despatched to the client.

#### 1.5 Intangible assets

Intangible fixed assets acquired as part of an acquisition are capitalised at their cost value.

Purchased goodwill, concessions, patents, licences and trademarks purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives, generally 10 years.

#### 1.6 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost represents expenditure that is directly attributable to the purchase of the asset.

Depreciation is charged on a straight-line basis, so as to write off the costs of assets less their residual values over their estimated useful lives, on the following basis:

Fixtures, fittings and equipment	-	1-5 years
Computer equipment	-	1-3 years

The assets' estimated useful lives, depreciation rates and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than its recoverable amount.

The gain or loss arising on disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss and other comprehensive

#### 1.7 Impairment of property, plant and equipment and intangible assets

At each reporting period, the Company reviews its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, with any impairment recognised immediately through the statement of profit and loss and other comprehensive income.

## Notes (continued)

### 1. Accounting policies (continued)

#### 1.8 Classification of financial instruments issued by the Company

Following the adoption of IAS 32 Financial Instruments: Presentation, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

#### 1.9 Financial instruments

Non-derivative financial instruments comprise other receivables, cash at bank and in hand, monies in trust, loans and borrowings, and trade and other payables.

##### Trade receivables

Trade receivables are recognised initially at the fair value of the amount receivable and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment is established when there is objective evidence that there is a difference between the carrying value and the recoverable amount.

##### Other receivables

Other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash balances

#### 1.10 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

#### 1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### 1.12 Cost of Sales

Cost of sales comprises the cost directly associated with the revenue recognised during the year.

## Notes (continued)

### 1. Accounting policies (continued)

#### 1.13 Provision for impairment of receivables

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### 1.14 Adopted IFRS not yet applied

The following standards and interpretations have an effective date after the date of these financial statements.

Standard or interpretation	Title	Effective for accounting periods beginning on or after
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

#### IFRS 9

IFRS 9 has not been adopted early. Financial Instruments primarily affects the classification and measurement of financial assets. The standard requires that all financial assets be classified as either held at fair value through profit or loss, fair value through other comprehensive income or amortised cost.

The amortised cost classification is only permitted where the financial asset is held within a business model where the underlying cash flows are held in order to collect contractual cash flows, and those cash flows arise solely from the payment of principal and interest. Where both of these tests cannot be met, the financial asset is measured at fair value.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to the Group's financial assets, measured at amortised cost or fair value through other comprehensive income (FVOCI), except for investments in equity instruments, and to contract assets. Under IFRS 9 loss allowances will be measured on either of the following bases:

- 12 month ECLs: these are ECLs that result from possible default events within 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-months ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the Group has chosen to apply this policy also for trade receivables and contract assets with a significant financing component.

On adoption of IFRS 9 the Company's financial assets will be classified as, and continue to be measured at amortised cost. Based on its assessment, the Company does not expect a material impact upon adoption of IFRS 9, although the assessment to date is preliminary and not all transition work has been finalised.



## Notes (continued)

### 1. Accounting policies (continued)

#### 1.17 Adopted IFRS not yet applied (continued)

##### IFRS 15

IFRS 15 has not been adopted early. The standard changes how and when revenue is recognised from contracts with customers and the treatment of the costs of obtaining a contract with a customer. The standard requires that the recognition of revenue is linked to the fulfilment of identified performance obligations that are enshrined in the customer contract. It also requires that the incremental costs of obtaining a customer contract should be capitalised if that cost is expected to be recovered.

The Company has considered the impact of the adopting the standard. Gift & Loyalty revenues are generated in the form of project fees, annual and monthly fees and transaction fees (including cards). Associated revenues are not material to the overall Group and the Company has not identified any instance where the recognition of revenue will change materially from the current treatment in the financial statements.

##### IFRS 16

Lessor accounting remains substantially the same as in IAS17 and the Group does not have any material assets to which it is lessee. Consequently it is anticipated that the adoption of this standard will not have a material impact on the Group's financial statements.

All other standards and interpretations issued but not yet effective are not expected to have a material impact on the company.

#### 1.15 Accounting estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards requires the exercise of judgement both in the application of accounting policies and in the selection of assumptions used in the calculation of estimates. These estimates and judgements are continually reviewed and evaluated based on historical experience and other factors. However, actual results may differ from these estimates. Areas of significant judgment in these financial statements include:

- Impairment (note 1.7);
- Income tax (note 6); and
- Deferred tax (note 12)

### 2. Expenses and auditor remuneration:

	31 March 2018	31 March 2017
	£	£
<b>Audit &amp; Accountancy Fees:</b>		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	4,000	3,520

The auditors' remuneration for the audit of the Company for the year ended 31 March 2018 has been borne by the parent undertaking, Contis Group Limited and is disclosed in those financial statements.

## Notes (continued)

### 3. Staff numbers and costs

The entity does not have any employees.

### 4. Directors' emoluments

The Directors did not receive any remuneration from the Company during the year. The Directors remuneration was borne by Contis Technologies Limited its sister company, and a wholly owned subsidiary of Contis Group Limited.

### 5. Finance Income and Finance Cost

There was no interest receivable/payable or similar income/charge during the year (2017: Nil).

### 6. Income taxes

	31 March 2018	31 March 2017
	£	£
Current income tax expense	–	–
Deferred tax	–	–
<b>Total tax expense</b>	<b>–</b>	<b>–</b>

A reconciliation of the tax expense on the loss before tax at the standard UK corporation tax rate to the actual expense is as follows:

	31 March 2018	31 March 2017
	£	£
<b>Profit before tax</b>	<b>(885,287)</b>	<b>(816,899)</b>
Tax calculated at standard rate of corporation tax in the UK of 19% (2017: 20%)	(168,205)	(163,380)
Group relief surrendered	168,205	163,380
<b>Total tax expense</b>	<b>–</b>	<b>–</b>

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted during 2016. This will reduce the Company's future tax charge accordingly.

### 7. Intangible assets

Goodwill and other intangibles arising on previous acquisitions have been fully written down.

## Notes (continued)

### 8. Property, plant and equipment

	Computer equipment £	Total £
<b>Cost:</b>		
As at 1 April 2016	13,678	13,678
As at 31 March 2017	13,678	13,678
<b>Depreciation</b>		
As at 1 April 2016	13,678	13,678
As at 31 March 2017	13,678	13,678
<b>Net Book Value:</b>		
As at 31 March 2016	–	–
<b>As at 31 March 2017</b>	–	–

	Computer equipment £	Total £
<b>Cost:</b>		
As at 1 April 2017	13,678	13,678
As at 31 March 2018	13,678	13,678
<b>Depreciation</b>		
As at 1 April 2017	13,678	13,678
As at 31 March 2018	13,678	13,678
<b>Net Book Value:</b>		
As at 31 March 2017	–	–
<b>As at 31 March 2018</b>	–	–

### 9. Trade and other receivables

	31 March 2018 £	31 March 2017 £
Trade receivables	56,890	63,397
Less: Provision for impairment of receivables	–	(5,865)
Trade receivables – net	56,890	57,532
VAT receivable	–	–
Intragroup receivables	998,480	773,480
	<b>1,055,370</b>	<b>831,012</b>

## Notes (continued)

### 10. Trade and other payables

	31 March 2018	31 March 2017
	£	£
Trade payables	37	15,192
Taxation and Social security taxes	4,920	6,156
	<b>4,957</b>	<b>21,348</b>

### 11. Other payables

	31 March 2018	31 March 2017
	£	£
<b>Intragroup payables:</b>		
Current	3,886,522	2,779,899
Non-current	-	-
	<b>3,886,522</b>	<b>2,779,899</b>

The intragroup payables relate to cash movements between subsidiary companies and intragroup recharges for processing, services and management based on a transfer pricing model. The amount due non-interest bearing and is repayable on demand.

### 12. Deferred tax

The amount of unused tax losses carried forward on which a deferred tax asset has not been recognised, is as follows:

	31 March 2017	Movement not recognised during the year	31 March 2018
	£	£	£
At the period end	1,033,387	-	1,033,387
<b>Deferred tax at 19%</b>	<b>196,344</b>	<b>-</b>	<b>196,344</b>

The Company has not recognised deferred tax assets or liabilities to date as there is insufficient certainty over the ability to use the amounts in the future.

### 13. Capital and Reserves

	31 March 2018	31 March 2017
	£	£
<b>Share Capital</b>		
Authorised share capital: 1,000 Ordinary shares of £1 each	1,000	1,000
Allocated, called up and fully paid		
Ordinary shares of £1 each	<b>2</b>	<b>2</b>

## Notes (continued)

### 14. Capital and other financial commitments

The Company had no material capital commitments at the end of any of the financial periods.

### 15. Related party transactions

#### Identity of related parties with which the Company has transacted

During the year the Company is controlled by Peter Cox as chairman and majority shareholder of the Company. The Company had transactions in the year with fellow subsidiary companies wholly owned by Contis Group Limited.

#### Group Companies

All the employees within the company are employed by Contis Technologies Limited and all central services are procured by the Contis Technologies Limited. During the year the Contis Technologies Limited provided wages marketing and central services to the Company totalling £810,405 (2017: £766,129).

At 31 March 2018 the balance amount outstanding with Contis Technologies was £1,958,199 (2017: £1,147,794).

#### Transactions with key management personnel

There were no material related transactions with Directors or key managers during the accounting period.

#### Other related party transactions

There were no material transactions with any other related parties during the accounting period.

### 16. Financial Instruments

The exposure to credit risk as at 31 March 2018 was as follows:

#### a) Fair values of financial instruments

The carrying values of the Company's financial instruments are reasonable approximations of their fair value

#### b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Company is exposed to credit risk from its financing activities primarily in relation to its cash and cash equivalents, deposits and trade receivables.

Credit risk from balances with banks and financial institutions is managed by depositing with reputable financial institutions, from which management believes loss to be remote. The Company's maximum exposure to credit risk, other than intragroup balances, for the components of the statement of financial position is the carrying amounts of cash at bank and in hand. The Company trades with other members of the group and intragroup balances have arisen, which the group have collectively agreed not to call in the next 12 months.

Credit evaluations are performed for all customers. Management has a policy in place and the exposure to credit risk is monitored on an on-going basis. At the year end there were no significant concentrations of risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Credit risk – 31 March 2018	On demand £	Less than one year £	Between one and five years £	More than five years £	Total £
Trade and other receivables	–	1,055,370	–	–	1,055,370
Cash and cash equivalents	16,158	–	–	–	16,158
	<b>16,158</b>	<b>1,055,370</b>	<b>–</b>	<b>–</b>	<b>1,071,528</b>

## Notes (continued)

### 16. Financial Instruments (continued)

#### b) Credit risk (continued)

Credit risk – 31 March 2017	On demand £	Less than one year £	Between one and five years £	More than five years £	Total £
Trade and other receivables	–	831,012	–	–	831,012
Cash and cash equivalents	35,571	–	–	–	35,571
	<b>35,571</b>	<b>831,012</b>	<b>–</b>	<b>–</b>	<b>866,583</b>

#### c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other prices risk, such as equity price risk.

The Company has no exposure to interest rate risk due to having no interest bearing loans or borrowings.

#### Foreign currency risk

The following tables consider the impact of several changes to the spot £/other foreign currencies exchange rates of +/- 10%. If these changes were to occur the tables below reflect the impact on profit/(loss) before tax. The values are based on the server hosting costs to reflect the sensitivity of the US Dollar.

	Effect on profit/(loss) before tax	
	Year ended 31 March 2018	Year ended 31 March 2017
Change in GBP vs. FX	£	£
USD	–	249

#### d) Liquidity risk

Cash flow is regularly monitored and the relevant subsidiaries are aware of their working capital commitments. The Company reviews its long-term funding requirements in parallel with its long-term strategy, with an objective of aligning both in a timely manner.

The table below summarises the maturity profile of the Company's contractual undiscounted financial liabilities at 31 March 2017 and 31 March 2018.

Liquidity risk – 31 March 2018	On demand £	Less than one year £	Between one and five years £	More than five years £	Total £
Trade and other payables	–	3,891,479	–	–	3,891,479
	<b>–</b>	<b>3,891,479</b>	<b>–</b>	<b>–</b>	<b>3,891,479</b>

Liquidity risk – 31 March 2017	On demand £	Less than one year £	Between one and five years £	More than five years £	Total £
Trade and other payables	–	2,801,247	–	–	2,801,247
	<b>–</b>	<b>2,801,247</b>	<b>–</b>	<b>–</b>	<b>2,801,247</b>

## **Notes (continued)**

### **15. Ultimate Parent Company**

The Company is a subsidiary undertaking of Contis Group Limited which is the immediate and ultimate parent company, incorporated in England.

The largest group in which the results of the Company are consolidated is that headed by Contis Group Limited. The consolidated financial statements are available from Navigation House, Belmont Wharf, Skipton, BD23 1RL.

### **16. Post balance sheet events**

No material subsequent events have been noted.