



Ixaris Systems Limited
FINANCIAL STATEMENTS

for the year ended
31 December 2014

THURSDAY



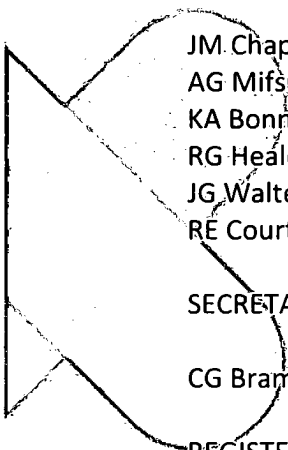
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COMPANIES HOUSE

Company Registration No. 4072405

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A large, stylized 'X' graphic, composed of two overlapping, slightly irregular shapes, positioned to the left of the Directors and Secretary lists.

JM Chaplin	Chairman and non-Executive Director
AG Mifsud	Chief Executive Officer
KA Bonnici	Chief Financial Officer
RG Healey	Non-Executive Director
JG Walters	Non-Executive Director
RE Courtneidge	Non-Executive Director

SECRETARY

CG Bramley

REGISTERED OFFICE

5th Floor, 52 Grosvenor Gardens, London, SW1W OAU

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

DIRECTORS' REPORT

The directors submit their report and the consolidated financial statements of Ixaris Systems Limited for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

Ixaris develops technology that facilitates payments innovation. Ixaris was the first payments company to offer virtual Visa accounts in Europe and continues to rely on this innovation as the core of its technology and solutions.

The group's principal activities in 2014 were delivering payment solutions to businesses and consumers in various geographic and market sectors to send, receive, spend or access funds with speed, cost-effectiveness and convenience, as well as creating the technology to make the delivery of such solutions easier and cheaper through greater re-use.

RESEARCH AND DEVELOPMENT

The group invests heavily in research and development to stay at the cutting edge of payments technology and secure competitive advantage.

DIVIDENDS

The directors do not recommend the payment of a dividend (2013: £Nil).

GOING CONCERN

The financial statements have been prepared on a going concern basis. The statement headed 'Going Concern' on page 14 sets out certain factors relevant to the directors' consideration in reaching this assessment.

DIRECTORS

The following directors have held office since 1 January 2014, unless otherwise stated:

JM Chaplin
AG Mifsud
RG Healey
JG Walters
RE Courtneidge
KA Bonnici

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

The company currently has in place and has done for the whole of the year ended 31 December 2014, directors' and officers' liability insurance for the benefit of all directors of the company.

AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

DIRECTORS' REPORT**STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR**

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board

AG Mifsud
Director

02 July 2015



STRATEGIC REPORT for the year ended 31 December 2014

BUSINESS REVIEW

Ixaris creates technology that makes it fast and easy to create perfect-fit payment solutions. Our mission is to enable everyone – consumers, small business, multinationals in established as well as emerging economies to benefit from payment solutions that work optimally for them.

During 2014, Ixaris Solutions, our turnkey payment solutions business, continued to address a variety of commercial payment segments including corporate purchasing and procurement, international payroll payments, incentives and rewards and other disbursements, growing revenues from £1.67M in 2013 to £2.12M in 2014. In the second half of the year Ixaris Solutions decided to focus on fewer segments so as to develop more comprehensive and competitive propositions in those markets where it can capture large transaction volumes and/or secure a dominant position. An indication of Ixaris Solutions' competence was the successful contract awarded during the year to roll out a virtual-card based purchasing solution by a leading global travel assistance multinational, covering its worldwide operations spanning 32 subsidiaries.

Ixaris Technologies, our payment technology business, set about securing early adopter customers amongst the banking and transaction processing sectors. The range of customers and applications deployed by Ixaris Solutions served as an effective showcase of the capabilities of Ixaris Payments Server, the cloud-based middleware offer by Ixaris Technologies to enable financial institutions to overcome the limitations of their legacy systems and gain competitive advantage through differentiated payment services and faster time to market. The sign up of a major pan-Africa bank during the year has provided further validation of this proposition.

To achieve Ixaris' aim of delivering affordable tailor-made payments solutions worldwide, Ixaris Technologies ultimately wants to develop the tools that would enable anyone to build and run such bespoke payment solutions themselves. For this end, in October 2014 it submitted to the EU Horizon2020 research and development programme, a proposal to secure finance for a €4M project to develop and disseminate the tools that would realise this vision. Ixaris' proposal has been successful and a grant of €2.5M has now been secured for this end.

Ixaris' online consumer payments service EntroPay generated £3.7M of EBITDA, which continued to finance our newer Solutions and Technologies businesses. During the second half of 2014, a number of improvements were made to EntroPay's user journey for new customers, and the anti-fraud system restructured to deliver more accurate risk scoring and enable greater automation of fraud risk oversight while minimizing friction on the customer experience. This has had a significant positive impact on the rate of user activation, with monthly revenues during the five months of 2015 exceeding the previous year's by 9%.

As a result of these developments, Ixaris continues to develop into a differentiated payments innovation business which should translate into a highly-profitable customer base and substantial increase in enterprise value.

STRATEGIC REPORT for the year ended 31 December 2014

KEY PERFORMANCE INDICATORS

Revenue from Ixaris Solutions increased by 28% over 2013 as new corporate clients were deployed and existing customers continued to increase their transaction volumes. This revenue increase was offset by a significantly weaker US dollar to the British Pound throughout the year, compared to 2013, which had a notable adverse impact on EntroPay revenues. As a result, overall transaction revenue decreased by 1%.

Gross profit margin increased by 2%, up from 56% in 2013 to 58% in 2014. This was mainly achieved from economies reaped in card acquiring, issuing and processing costs. Other operating costs averaged at 75% of transaction revenue (2013: 70%).

PRINCIPAL RISKS AND UNCERTAINTIES

The group relies on its technical capability and relationships with third party processors and banking partners to enable transactions and control the movement of funds across its payment platform, as well as its Payment Institution licence and approval by the Visa and MasterCard card schemes to operate its payment programmes. Any internal technical failure or interruption of service at any of our banking partners could affect our performance and result in transaction losses or lost business. Additionally, loss or impairment of the regulatory licence and card scheme support for its payment programmes could impact Ixaris' ability to continue to conduct its present business. The group has the necessary internal processes, agreements and contingency plans in place to monitor these risks and to deal with events that may impact its business.

By order of the board

AG Mifsud
Director
02 July 2015

A handwritten signature in black ink, appearing to be 'AG Mifsud', written over a horizontal line.

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and 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 group and the company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IXARIS SYSTEMS LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 8 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities 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. 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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2014 and of the group's loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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.



PAUL NEWMAN (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London, EC4A 4AB

08/07/15

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2014

	Notes	2014 £	2013 £
TURNOVER	1	9,397,444	9,512,885
Cost of sales		(3,963,324)	(4,161,284)
Gross profit		<u>5,434,120</u>	<u>5,351,601</u>
Share-based payments	21	(1,628)	(17,490)
Other operating expenses (net)	2	(6,382,699)	(6,004,965)
Total operating expenses (net)		<u>(6,384,327)</u>	<u>(6,022,455)</u>
OPERATING LOSS		(950,207)	(670,854)
Interest receivable and similar income	3	22,548	55,557
Interest payable and similar charges	4	(160,972)	(119,413)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>(1,088,631)</u>	<u>(734,710)</u>
Taxation	7	<u>140,901</u>	<u>141,074</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	17	<u>(947,730)</u>	<u>(593,636)</u>

The operating loss for the year arises from the group's continuing operations.

No Separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss account.

CONSOLIDATED BALANCE SHEET
at 31 December 2014

Company Registration No. 4072405

	Notes	2014 £	2013 £
FIXED ASSETS			
Intangible assets	8	767,504	817,427
Tangible assets	9	306,210	258,849
		<u>1,073,714</u>	<u>1,076,276</u>
CURRENT ASSETS			
Debtors	11	2,281,961	3,735,955
Cash at bank and in hand	12	6,675,461	3,186,911
		<u>8,957,422</u>	<u>6,922,866</u>
CREDITORS:			
Amounts falling due within one year	13	(6,188,061)	(5,369,643)
NET CURRENT ASSETS		<u>2,769,361</u>	<u>1,553,223</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,843,075</u>	<u>2,629,499</u>
CREDITORS:			
Amounts falling due after more than one year	14	(1,532,094)	(1,373,067)
NET ASSETS		<u>2,310,981</u>	<u>1,256,432</u>
CAPITAL AND RESERVES			
Called up share capital	15	2,093	1,869
Share premium account	16	7,194,345	5,193,919
Profit and loss account	17	(4,885,457)	(3,939,356)
SHAREHOLDERS' FUNDS	18	<u>2,310,981</u>	<u>1,256,432</u>

The financial statements on pages 8 to 27 were approved by the board of directors and authorised for issue 02 July 2015 and are signed on its behalf by:



AG Mifsud
Director

COMPANY BALANCE SHEET
at 31 December 2014

Company Registration No. 4072405

	Notes	2014 £	2013 £
FIXED ASSETS			
Intangible assets	8	767,504	817,427
Tangible assets	9	29,025	40,548
Investments	10	17,762	17,762
		<u>814,291</u>	<u>875,737</u>
CURRENT ASSETS			
Debtors - due within one year	11	1,947,407	3,439,017
Debtors - due after more than one year	11	1,936,740	1,196,877
Cash at bank and in hand	12	6,587,509	3,161,309
		<u>10,471,656</u>	<u>7,797,203</u>
CREDITORS:			
Amounts falling due within one year	13	(5,766,109)	(4,965,597)
		<u>4,705,547</u>	<u>2,831,602</u>
NET CURRENT ASSETS			
		<u>5,519,838</u>	<u>3,707,339</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>5,519,838</u>	<u>3,707,339</u>
CREDITORS:			
Amounts falling due after more than one year	14	(1,532,094)	(1,373,067)
		<u>3,987,744</u>	<u>2,334,276</u>
NET ASSETS			
		<u>3,987,744</u>	<u>2,334,276</u>
CAPITAL AND RESERVES			
Called up share capital	15	2,093	1,869
Share premium account	16	7,194,345	5,193,919
Profit and loss account	17	(3,208,694)	(2,861,512)
		<u>3,987,744</u>	<u>2,334,276</u>
SHAREHOLDERS' FUNDS	18	<u>3,987,744</u>	<u>2,334,276</u>

The financial statements on pages 8 to 27 were approved by the board of directors and authorised for issue on 02 July 2015 and are signed on its behalf by:



AG Mifsud
Director

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 2014

	Notes	2014 £	2013 £
CASH INFLOW FROM OPERATING ACTIVITIES	(i)	1,699,660	(1,166,164)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(ii)	(138,424)	(63,856)
TAXATION		140,901	141,074
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(ii)	(373,264)	(593,531)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>1,328,873</u>	<u>(1,682,477)</u>
FINANCING	(ii)	<u>2,159,677</u>	<u>159,334</u>
INCREASE/(DECREASE) IN CASH IN THE YEAR		<u>3,488,550</u>	<u>(1,523,143)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase/(decrease) in cash in the year		3,488,550	(1,523,143)
Movement in cardholder balances		(2,280,386)	(1,150,329)
Cash inflow from changes in funds		<u>(159,027)</u>	<u>(159,334)</u>
Change in net funds resulting from cash flows		<u>1,049,137</u>	<u>(2,832,806)</u>
MOVEMENT IN NET FUNDS IN YEAR		<u>1,049,137</u>	<u>(2,832,806)</u>
NET FUNDS AT 1 JANUARY		<u>591,951</u>	<u>3,424,757</u>
NET FUNDS AT 31 DECEMBER	(iii)	<u>1,641,088</u>	<u>591,951</u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 2014

	2014 £	2013 £
(i) RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating loss	(950,207)	(670,854)
Share-based payments	1,628	17,490
Depreciation	135,591	121,393
Amortisation	238,520	161,043
Loss on disposal of tangible fixed assets	1,716	5,880
Decrease/(increase) in debtors	1,453,994	(2,028,323)
Increase in creditors	818,418	1,227,207
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,699,660	(1,166,164)
(ii) ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT		
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	16,145	30,955
Grant income received	6,403	24,602
Interest paid	(160,972)	(119,413)
NET CASH OUTFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(138,424)	(63,856)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire intangible fixed assets	(188,597)	(470,604)
Payments to acquire tangible fixed assets	(184,667)	(122,927)
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(373,264)	(593,531)
FINANCING		
Issue of ordinary share capital (net)	2,000,650	-
Loan finance		
Repayment of loans	-	(105,733)
New loans	159,027	265,067
NET CASH INFLOW FROM FINANCING	2,159,677	159,334

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2014

	At 1 January 2014 £	Cash flow £	At 31 December 2014 £
(iii) ANALYSIS OF CHANGES IN NET FUNDS			
Cash at bank and in hand	3,186,911	3,488,550	6,675,461
Client funds	(1,221,893)	(2,280,386)	(3,502,278)
	<hr/>	<hr/>	<hr/>
	1,965,018	1,208,164	3,173,182
Debt due after one year	(1,373,067)	(159,027)	(1,532,094)
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TOTAL	591,951	1,049,137	1,641,088
	<hr/>	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom.

As permitted by S408 Companies Act 2006, the company has not presented its own profit and loss account.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Ixaris Systems Limited and all of its subsidiary undertakings for the year. All financial statements are made up to 31 December 2014.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by other members of the group.

GOING CONCERN

The directors have prepared and considered trading and cash flow forecasts which show that the group will be able to continue to trade and meet its liabilities as they fall due for at least the next 12 months from the date of approval of these financial statements. Additionally, the group's customers and suppliers were reviewed against external factors and potential dependencies. The group has a considerably diversified customer base and suppliers across different geographic areas with a growing number of new uses for its services.

The group is presently seeking to accelerate its growth and build diversity into its portfolio through new product innovation and development. However, the plans for new product innovation and development are such that they can easily be scaled down and the group can rely on the current cash generative business to finance its research and development if necessary.

As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

INTANGIBLE ASSETS - RESEARCH AND DEVELOPMENT

Development expenditure for individual projects is deferred when its future recoverability can be foreseen with reasonable certainty. Provision is made for any impairment. The identifiable expenditure is then amortised over four years, being the period during which the benefit is expected to occur. All research and other development costs are written off as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Office equipment	over 3 to 4 years
Furniture and fittings	over 4 to 10 years
Air conditioning	over 6 years
Leasehold improvements	over 5 years

TURNOVER

Turnover represents fees from transaction processing services which are recognised at the time services are rendered and amounts invoiced to sponsoring affiliates, both net of Value Added Tax. Turnover from transaction processing services is recognised either as a fee calculated as a percentage of funds processed or as a charge per transaction, pursuant to the respective consumer agreement.

INVESTMENTS

Long term investments are classified as fixed assets and stated at cost in the company balance sheet. Provision is made for any impairment in value.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

GOVERNMENT GRANTS

Government grants on capital expenditure are credited to a deferral account and are released to revenue by equal annual amounts over the expected useful life of the asset to which they relate. Grants of a revenue nature are credited to income in the period to which they relate.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term or, if shorter, the period ending when prevailing market rentals will become payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

SHARE-BASED PAYMENTS

Equity-settled and cash-settled share-based payments are issued to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments. Changes in fair value are recognised through the profit and loss account.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The group's turnover and loss on ordinary activities before taxation were all derived from its principal activity. All sales were made in the UK.

2	OTHER OPERATING EXPENSES (NET)	2014 £	2013 £
	Administrative expenses	6,382,699	6,004,965
3	INTEREST RECEIVABLE AND SIMILAR INCOME	2014 £	2013 £
	Bank interest	16,145	30,955
	Other income	6,403	24,602
		22,548	55,557
4	INTEREST PAYABLE AND SIMILAR CHARGES	2014 £	2013 £
	Interest on loans	160,972	119,413
5	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2014 £	2013 £
	Loss on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation and amounts written off tangible fixed assets:		
	Owned assets	130,736	118,512
	Leasehold land and buildings	4,855	2,881
	Loss on disposal of fixed assets	1,715	5,880
	Amortisation of intangible assets	238,520	161,043
	Operating lease rentals:		
	Land and buildings	322,638	303,331
	Exchange losses	19,264	84,053
	Auditor's remuneration:		
	Statutory audit of parent and consolidated financial statements	40,000	40,000
	Other services – relating to information technology	7,300	6,000
	Government grant income	(6,403)	(24,602)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2014

6	EMPLOYEES	2014	2013
		£	£
	The average monthly number of persons (including directors) employed by the group during the year was:		
	Office and management	120	100
	Other	2	2
		<hr/>	<hr/>
	Staff costs for the above persons:		
	Wages and salaries	3,519,583	3,249,536
	Social security costs	334,198	284,558
	Cost of employee share schemes	1,628	17,490
		<hr/>	<hr/>
		3,855,409	3,551,584
		<hr/>	<hr/>
	Directors Remuneration		
	Emoluments	312,638	350,641
	Sums paid to third parties for directors' services	129,994	130,815
	Compensation for loss of office	-	-
		<hr/>	<hr/>
		442,632	481,456
		<hr/>	<hr/>

During the year, sums paid or accrued to third parties for directors' services included £nil (2013: £2,750) to Roliscon Limited for the services of Mr Roger Lawson, £20,000 (2013: £20,000) to Foresight Venture Capital Funding Partners for the services of Mr Russell Healey, £68,800 (2013: £81,590) to CC Associates for the services of Mr John Chaplin, £18,000 (2013: £9,000) to JG Walters Ltd for the services of Mr Justin Walters, £18,000 (2013: £12,000) to Robert Courtneige and £5,195 (2013: £5,475) to WH Law for the services of Mrs Olga Finkel (a director of Ixaris Systems (Malta) Limited).

	2014	2013
	£	£
Highest paid director		
Emoluments	156,937	152,754
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

7 TAXATION	2014 £	2013 £
Domestic current year tax		
Tax on results of the period		-
Adjustments in respect of previous periods	(140,901)	(141,074)
	<u>(140,901)</u>	<u>(141,074)</u>
Tax on loss on ordinary activities	(140,901)	(141,074)
Deferred tax		
Origination and reversal of timing differences	-	-
	<u>(140,901)</u>	<u>(141,074)</u>
Total tax credit	(140,901)	(141,074)
Factors affecting tax credit for the period		
Loss on ordinary activities before taxation	(1,088,631)	(734,710)
	<u>(1,088,631)</u>	<u>(734,710)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax for small companies of 20% (2013: 20%)	(217,726)	(146,942)
Effects of:		
Non-taxable income	(164)	(164)
Non-deductible expenses	121,102	47,669
Depreciation in excess of capital allowances	2,000	(6,044)
Short-term timing differences	26,869	11,329
Enhanced tax deduction for R&D	(363,798)	(215,001)
Other Adjustments	(2,257)	-
Tax losses carried forward	433,974	309,153
Adjustment to tax charge of previous periods	(140,901)	(141,074)
	<u>(140,901)</u>	<u>(141,074)</u>
Current tax credit for the period	(140,901)	(141,074)

The adjustment in respect of previous periods relates to research and development tax credits claimable on expenditure incurred in the preceding financial year and received from HM Revenue and Customs.

The company has tax losses of approximately £4 million (2013: £3.4 million) which, subject to agreement with HM Revenue and Customs, are available to carry forward and offset against future profits of the same trade.

A potential deferred tax asset of approximately £903,000 (2013: £701,000) in respect of these losses has not been recognised in these financial statements due to uncertainty as to the timing over future utilisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

8	INTANGIBLE FIXED ASSETS	GROUP AND COMPANY	
		2014	2013
		£	£
	Development costs		
	1 January	1,082,947	612,343
	Additions	188,597	470,604
	31 December	1,271,544	1,082,947
	Amounts written off		
	1 January	265,520	104,477
	Charged in the year	238,520	161,043
	31 December	504,040	265,520
	Net book value		
	31 December	767,504	817,427

The intangible assets capitalised relate to the development of the group's payment platform.

9	TANGIBLE FIXED ASSETS	Office equipment	Furniture and fittings	Leasehold improvements	Total
		£	£	£	£
	GROUP				
	Cost				
	1 January 2014	659,392	122,491	14,404	796,287
	Additions	128,678	46,116	9,873	184,667
	Disposals	(1,894)	-	-	(1,894)
	31 December 2014	786,176	168,607	24,277	979,060
	Depreciation				
	1 January 2014	516,215	18,342	2,881	537,438
	Charged in the year	104,452	26,284	4,855	135,591
	Disposals	(179)	-	-	(179)
	31 December 2014	620,488	44,426	7,736	672,850
	Net book value				
	31 December 2014	165,688	123,981	16,541	306,210
	31 December 2013	143,177	104,149	11,523	258,849

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

9	TANGIBLE FIXED ASSETS <i>(Continued)</i>	Office equipment £
	COMPANY	
	Cost	
	1 January 2014	124,850
	Additions	8,326
	Disposals	(918)
	31 December 2014	132,258
	Depreciation	
	1 January 2014	84,302
	Charged in the year	19,110
	Disposals	(179)
	31 December 2014	103,233
	Net book value	
	31 December 2014	29,025
	31 December 2013	40,548

10	FIXED ASSET INVESTMENTS	2014 £	2013 £
	Cost and net book value:		
	1 January 2014 and 31 December 2014	17,762	17,762

The company holds more than 20% of the equity of the following subsidiary undertakings:

	Class of holding	% holding	Nature of business	Country of incorporation
Usentric Holdings Limited	Ordinary	100%	Holding company	Malta
Ixaris Systems (Malta) Limited (held by Usentric Holdings Limited)	Ordinary	100%	Computer software development	Malta

The company also holds 10,000 cumulative redeemable preference shares in Ixaris Systems (Malta) Limited, being 100% of the issued preference shares.

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The loss for the year dealt with in the accounts of the company was £348,808 (2013: £379,928 loss).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

11	DEBTORS	Group		Company	
		2014	2013	2014	2013
		£	£	£	£
	Due within one year:				
	Trade debtors	129,840	92,547	129,840	90,660
	Other debtors	1,793,744	3,209,480	1,519,705	2,980,500
	Prepayments and accrued income	358,377	433,928	297,862	367,857
		<u>2,281,961</u>	<u>3,735,955</u>	<u>1,947,407</u>	<u>3,439,017</u>
	Due after more than one year:				
	Amounts owed by group undertakings	-	-	1,936,740	1,196,877
		<u>2,281,961</u>	<u>3,735,955</u>	<u>3,884,147</u>	<u>4,635,894</u>

Other debtors include amounts receivable from banking partners in respect of funds held in float accounts in anticipation of loading of cards (e-money) by clients.

12 CASH AT BANK AND IN HAND

Cash at bank and in hand includes restricted cash of £3.93 million (2013: £1.65 million) represented by bank accounts which are segregated from the company's or group's own operating funds. £3.5 million (2013: £1.2 million) of these balances are funds held in designated client accounts with banks which, together with amounts receivable from banking partners (see note 11), are maintained at a level to fully cover amounts owed to the group's clients.

13	CREDITORS: Amounts falling due within one year	Group		Company	
		2014	2013	2014	2013
		£	£	£	£
	Trade creditors	817,441	717,502	523,886	523,665
	Other creditors	-	327,742	-	327,742
	Cardholder balances	4,725,016	3,507,095	4,725,016	3,507,095
	Accruals and deferred income	645,604	817,304	517,207	607,095
		<u>6,188,061</u>	<u>5,369,643</u>	<u>5,766,109</u>	<u>4,965,597</u>

Client balances comprise amounts owed to customers and merchants in respect of funds held within designated client accounts with banks and banking partners. Equivalent amounts to fully cover these liabilities are held within cash at bank and in hand (see note 12) and/or as funds receivable from banking partners, (reported within 'other debtors' in Note 11).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

14	CREDITORS: Amounts falling due after more than one year	Group		Company	
		2014	2013	2014	2013
		£	£	£	£
	Loan facility	1,532,094	1,373,067	1,532,094	1,373,067

The above loan facility is unsecured and repayable in one bullet repayment in 2016.

15	SHARE CAPITAL	2014	2013
		£	£
	2,000,000 Ordinary shares of £0.001 each	2,000	2,000
	750,000 A Ordinary shares of £0.001 each	750	750
		<u>2,750</u>	<u>2,750</u>
	Allotted, issued and fully paid:		
	1,387,958 Ordinary shares of £0.001 each	1,388	1,164
	704,809 A Ordinary shares of £0.001 each	705	705
		<u>2,093</u>	<u>1,869</u>

The Ordinary shares and A Ordinary shares rank pari passu except on a return of assets on a liquidation or capital reduction or similar, or on a sale of the company when the assets of the company after the payment of its liabilities are distributed as follows:

- First to repay paid up capital and share premium to the A Ordinary shareholders and 0.0001p per share to the Ordinary shareholders;
- Secondly the next £1 million to be distributed amongst the shareholders in proportion to the paid up capital only for the Ordinary shareholders and 0.00000001p per share only for the A Ordinary shareholders;
- Thirdly any balance on a pari passu basis in proportion to paid up capital only.

Warrants

The company has executed warrant instruments granting the holders the right to subscribe for warrant shares as follows:

Date of grant	Exercise price per share	Number of warrants issued	Number of warrants outstanding at 31.12.14	Date by which warrants can be exercised
10-06-2010	£4.54	45,000	45,000	10-06-2020
31-08-2011	£10.00	450,000	450,000	31-08-2016
01-02-2012	£10.00	48,600	48,600	01-02-2017
		<u>543,600</u>	<u>543,600</u>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

15 SHARE CAPITAL (Continued)

Share Options (approved scheme)

Date of grant	Exercise price per share	Number of share options in issue at 31.12.14	Number of share options exercisable at 31.12.14	Date by which options can be exercised
04-03-2010	£0.84	16,200	16,200	04-03-2020
12-08-2010	£3.00	4,872	4,872	12-08-2020
15-12-2010	£3.00	4,000	4,000	15-12-2020
14-01-2011	£3.00	6,500	6,500	14-01-2021
04-02-2011	£4.54	2,500	2,500	04-02-2021
24-02-2011	£3.00	43,200	43,200	24-02-2021
24-02-2011	£10.00	5,000	5,000	24-02-2021
01-03-2011	£3.00	2,500	2,500	01-03-2021
01-03-2011	£10.00	10,623	10,623	01-03-2021
09-03-2011	£0.84	40,000	40,000	09-03-2021
01-03-2012	£10.00	13,500	13,500	01-03-2022
31-01-2014	£10.00	24,000	15,000	31-01-2024
		<u>172,895</u>	<u>163,895</u>	
			-	

16 SHARE PREMIUM ACCOUNT

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
At 1 January 2014	5,193,919	5,193,919	5,193,919	5,193,919
Shares issued in year	2,000,426	-	2,000,426	-
At 31 December 2014	<u>7,194,345</u>	<u>5,193,919</u>	<u>7,194,345</u>	<u>5,193,919</u>

224,104 shares of £0.001 ordinary shares were issued during 2014 for a total consideration of £2,000,650, generating a premium of £2,000,426.

17 PROFIT AND LOSS ACCOUNT

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
At 1 January 2014	(3,939,356)	(3,363,210)	(2,861,512)	(2,499,074)
Retained (loss)/profit for the year	(947,730)	(593,636)	(348,810)	(379,928)
Credit to equity for share-based payments	1,628	17,490	1,628	17,490
At 31 December 2014	<u>(4,885,457)</u>	<u>(3,939,356)</u>	<u>(3,208,694)</u>	<u>(2,861,512)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

18	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	Group		Company	
		2014	2013	2014	2013
		£	£	£	£
	Opening shareholders' funds	1,256,432	1,832,578	2,334,276	2,696,714
	(Loss)/profit for the financial year	(947,730)	(593,636)	(348,810)	(379,928)
	Credit to equity for share-based payments	1,628	17,490	1,628	17,490
	Shares issued in year	2,000,650	-	2,000,650	-
	Share issue costs	-	-	-	-
	Net movement in shareholders' funds	1,054,548	(576,146)	1,653,468	(362,438)
	Closing shareholders' funds	2,310,981	1,256,432	3,987,744	2,334,276

19 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2014 the group and company had annual commitments under non-cancellable operating leases expiring as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Land and buildings:				
Within one year	282,286	59,444	198,150	59,444
During the second to fifth year	39,946	78,029	-	-
After more than five years	7,683	-	-	-
	329,915	137,473	198,150	59,444

20 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption within FRS 8 not to disclose transactions with group companies which are wholly owned.

At the year end, £1,386,774 (2013: £1,241,667) was outstanding in creditors due after more than one year to Richard Koch, a shareholder. Interest payable during the year amounted to £145,107 (2013: £100,000) and the cumulative accrued interest outstanding at the year-end amounted to £386,773 (2013: £241,667).

At the year end, £145,320 (2013: £131,400) was outstanding in creditors due after more than one year to Oxford Technology 3 Venture Capital Trust plc, a shareholder. Interest payable during the year amounted to £13,920 (2013: £10,800) and the cumulative accrued interest outstanding at the year end amounted to £37,320 (2013: £23,400).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2014

21 SHARE-BASED PAYMENTS

The share based payment reserve holds the equity element of the following share options and warrants transactions adjusted for transfer on exercise, cancellation or expiry of options.

Share Options

The company plan provides for a grant price equal to the HMRC agreed market price of the company shares on the date of grant. The vesting period is generally 1 to 2 years. If options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the company before the options vest.

	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 1 January	163,409	4.06	163,409	4.06
Granted during the year	24,000	10.00	-	-
Forfeited during the year	(12,633)	9.83	-	-
Exercised during the year	(1,881)	3.00	-	-
Outstanding at 31 December	172,895	4.47	163,409	4.06
Exercisable at 31 December	163,895	2.99	162,159	4.01

1,881 options were exercised during the year. The weighted average share price at the date of exercise for share options exercised during the year was £3 (2013: none). The options outstanding at 31 December 2014 had a weighted average exercise price of £4.47 (2013: £4.06) and remaining contractual life of five years.

24,000 options were granted during the year. The weighted average fair value of options granted in the year using the Black-Scholes option pricing model was £0.86 (2013: none). The inputs into the Black-Scholes model are as follows:

	2014	2013
Weighted average share price	£3.11	-
Weighted average exercise price	£10.00	-
Expected volatility	46%	-
Expected life	10 years	-
Risk free rate	0.51%	-
Expected dividends	Nil	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

21 SHARE-BASED PAYMENTS (Continued)

Warrants

	2014		2013	
	Number of	Weighted	Number of	Weighted
	warrants	average	warrants	average
		exercise price		exercise price
Outstanding at 1 January	498,600	10.00	498,600	10.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 December	498,600	10.00	498,600	10.00
Exercisable at 31 December	498,600	10.00	498,600	10.00

The warrants outstanding at 31 December 2014 had a weighted average exercise price of £10.00 (2013: £10.00) and remaining contractual life as stipulated below.

No warrants were granted during the year. Warrants are valued using the Black-Scholes option pricing model.

Due to the unlisted nature of the entities operations the expected volatility was determined by calculating the historical volatility of a listed competitor's share price over the previous 5 financial years. The expected life used in the model was derived from the supporting contractual agreements of either warrant or option agreements. The risk free coupon rate was calculated from the average 3-month LIBOR Government Gilts annualised.

During 2014 the company recognised total share-based payment expenses of £1,628 (2013: £17,490) of which all related to the above equity-settled share-based payment transactions.