



Financial Statements Advanced Payment Solutions Limited

For the year ended 31 March 2012



Registered number: 04947027

Company Information

Directors	R T Wagner J G Jones S B Galasso (resigned 31 December 2011) D R Dixon S T Knight (appointed 1 January 2012)
Company secretary	R K Dear
Company number	04947027
Registered office	6th Floor One London Wall London EC2Y 5EB
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2P 2YU
Bankers	Royal Bank of Scotland 280 Bishopsgate London EC2P 2YU

Contents

	Page
Directors' report	1 - 4
Independent auditor's report	5 - 6
Consolidated profit and loss account	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes to the financial statements	11 - 25

Directors' Report

For the year ended 31 March 2012

The directors present their report and the financial statements for the year ended 31 March 2012

Principal activities

The principal activity of the group during the year was the issuing and distribution of prepaid payment cards. The principal activity of the company during the year was the distribution of prepaid payment cards.

Business review

The Directors were very pleased with the year's performance with a Group ebitda of £508k (2011 £26k) which consolidated the prior year's achievement of profitability. Revenue increased to £9.2m (2011 £7.4m), up 23% as the Group has continued to expand its core customer base and introduce new products and greater utility and functionality for its cardholders. The Group's gross consolidated margin improved to 66% (2011 62%). The improvement in profitability in the year was driven by a c20% increase in the customer base together with significantly improved transaction volumes.

The business continues its initiative of offering flexible credit lending to its established customers and expanded the proposition to include a small overdraft facility to selected segments of the customer base. The Directors recognise the different risk profile of these products and an appropriate provisioning policy has been adopted. During the year the business has also continued to grow the corporate segment offering banking and expense disbursement to both SME's and local governments.

In looking forward, the Directors anticipate a successful year for the business given the innovations outlined above. The key business segments in which the business operates, the core consumer, corporate / government and expanding credit sector are well established to deliver growth.

Results

The loss for the year, after taxation, amounted to £776,770 (2011 - loss £1,538,823).

Risk management review

The Group's principal financial instruments comprise cash and non-bank borrowings and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks. The main risks arising from the company's financial instruments are interest rate and liquidity. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Interest rate risk

The Group finances its operations through a mixture of retained profits and fixed interest borrowings. The company exposure to interest rate fluctuations on its interest income from deposits is managed by continual liaison with the company's bankers and the evaluation of the potential use of the bank's various interest rate products and deposits.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs, by detailed cash flow analysis and forecasts and issuing share capital including convertible preferred shares as necessary.

Directors' Report

For the year ended 31 March 2012

The maturity of borrowings is set out in note 13 and 14 to the financial statements

Credit risk

The Group and the company is exposed to the credit risk on cash balances in transit from retailers and customer and corporate balances with the Company's bankers. Bank balances and customer deposits are maintained with reputable UK high street banks.

Directors

The directors who served during the year were

R T Wagner

J G Jones

S B Galasso (resigned 31 December 2011)

D R Dixon

S T Knight (appointed 1 January 2012)

Directors' Report

For the year ended 31 March 2012

Directors' responsibilities statement

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

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

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

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

Qualifying third party indemnity provisions

The company provides indemnity insurance for its directors and other key personnel.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

Advanced Payment Solutions Limited

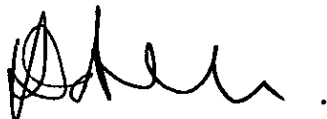
Directors' Report

For the year ended 31 March 2012

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 25 June 2012 and signed on its behalf

A handwritten signature in black ink, appearing to be 'R K Dear', followed by a period.

R K Dear
Secretary

Independent Auditor's Report to the Members of Advanced Payment Solutions Limited

We have audited the financial statements of Advanced Payment Solutions Limited for the year ended 31 March 2012, which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. 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 explained more fully in the Directors' responsibilities statement, 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 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 Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2012 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report to the Members of Advanced Payment Solutions Limited

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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


Marcus Swales (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

London

25 June 2012

Consolidated Profit and Loss Account

For the year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	1,2	9,166,801	7,438,266
Cost of sales		<u>(3,106,831)</u>	<u>(2,806,927)</u>
Gross profit		6,059,970	4,631,339
Administrative expenses		<u>(5,551,515)</u>	<u>(4,604,997)</u>
Earnings before interest, tax, depreciation and amortisation		508,455	26,342
Depreciation & amortisation		<u>(124,480)</u>	<u>(302,210)</u>
Operating profit / (loss)	3	383,975	(275,868)
Interest receivable and similar income		14,801	21,254
Interest payable and similar charges	6	<u>(1,175,546)</u>	<u>(1,284,209)</u>
Loss on ordinary activities before taxation		(776,770)	(1,538,823)
Tax on loss on ordinary activities	7	<u>-</u>	<u>-</u>
Loss for the financial year	17	<u><u>(776,770)</u></u>	<u><u>(1,538,823)</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

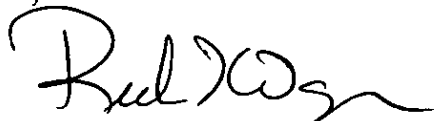
The notes on pages 11 to 25 form part of these financial statements

Consolidated Balance Sheet

As at 31 March 2012

	Note	£	2012 £	2011 £
Fixed assets				
Tangible assets	8		203,556	187,787
Current assets				
Stocks	10	123,877		173,517
Debtors	11	1,785,275		2,336,850
Cash at bank and in hand	12	16,275,202		10,261,495
		<u>18,184,354</u>		<u>12,771,862</u>
Creditors: amounts falling due within one year	13	<u>(16,320,751)</u>		<u>(11,292,194)</u>
Net current assets			<u>1,863,603</u>	<u>1,479,668</u>
Total assets less current liabilities			<u>2,067,159</u>	<u>1,667,455</u>
Creditors: amounts falling due after more than one year	14		17,573,035	16,397,489
Capital and reserves				
Called up share capital	15	3,184		3,143
Share premium account	17	295,140		274,740
Share options reserves	17	53,063		72,576
Other reserves	17	1,602,429		1,602,429
Profit and loss account	17	<u>(17,459,692)</u>		<u>(16,682,922)</u>
Shareholders deficit	18		<u>(15,505,876)</u>	<u>(14,730,034)</u>
			<u>2,067,159</u>	<u>1,667,455</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 June 2012



R T Wagner
Director

The notes on pages 11 to 25 form part of these financial statements

Company Balance Sheet

As at 31 March 2012

	Note	£	2012 £	2011 £
Fixed assets				
Tangible assets	8		203,556	187,787
Investments	9		800,000	800,000
			<u>1,003,556</u>	<u>987,787</u>
Current assets				
Stocks	10	123,877		173,517
Debtors	11	1,892,305		1,242,929
Cash at bank and in hand	12	1,277,823		1,561,721
		<u>3,294,005</u>		<u>2,978,167</u>
Creditors: amounts falling due within one year	13	(2,651,350)		(2,521,805)
Net current assets			<u>642,655</u>	<u>456,362</u>
Total assets less current liabilities			<u>1,646,211</u>	<u>1,444,149</u>
Creditors: amounts falling due after more than one year	14		17,573,035	16,397,489
Capital and Reserves				
Called up share capital	15	3,184		3,143
Share premium account	17	295,140		274,740
Foreign exchange reserve	17	53,063		72,576
Other reserves	17	1,602,429		1,602,429
Profit and loss account	17	(17,880,640)		(16,906,228)
	18		<u>(15,926,824)</u>	<u>(14,953,340)</u>
			<u>1,646,211</u>	<u>1,444,149</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 June 2012


R T Wagner
Director

The notes on pages 11 to 25 form part of these financial statements

Consolidated Cash Flow Statement

For the year ended 31 March 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	19	6,118,713	1,411,398
Returns on investments and servicing of finance	20	14,801	(4,945)
Capital expenditure and financial investment	20	(140,248)	(77,538)
Cash inflow before financing		5,993,266	1,328,915
Financing	20	20,441	(37,654)
Increase in cash in the year		6,013,707	1,291,261

Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 31 March 2012

	2012 £	2011 £
Increase in cash in the year	6,013,707	1,291,261
Cash outflow from decrease in debt and lease financing	-	41,668
Change in net debt resulting from cash flows	6,013,707	1,332,929
Other non-cash changes	(1,175,545)	(1,258,009)
Movement in net debt in the year	4,838,162	74,920
Net debt at 1 April 2011	(6,135,994)	(6,210,914)
Net debt at 31 March 2012	(1,297,832)	(6,135,994)

The notes on pages 11 to 25 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 March 2012

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

1.2 Going concern

After considering the matters noted in the business review section within the Report of the Directors, reviewing the cash flow forecasts as well as the basis of the financial statements preparation, the director believe that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements

1.3 Basis of consolidation

The financial statements consolidate the accounts of Advanced Payment Solutions Limited and all of its subsidiary undertakings ('subsidiaries')

1.4 Turnover

Turnover represents fees and commissions receivable and other revenue generated from the normal operation of the customer accounts in respect of the period. Initial fees are recognised after the first monetary load, and monthly fees are recognised in the month raised where there is available credit on the cardholders' account. Commissions are earned and recognised on the date the transactions occur giving rise to that commission. Credit revenues are recognised on the date repayments are due.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	3 years
Office equipment	-	3 years
Computer equipment	-	3 years
Software	-	2 - 3 years

1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment

1.7 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

1.8 Stocks

Stocks comprise of cards and are valued at the lower of cost and net realisable value

Notes to the Financial Statements

For the year ended 31 March 2012

1. Accounting Policies (continued)

1 9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Non-monetary items carried at fair value that are denominated in foreign currency are retranslated at the rate prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

Exchange differences arising on non-monetary items, carried at fair value, are included in the profit and loss account, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity

1 10 Share based payment

Certain group employees are allowed to acquire shares of the company under share option schemes, the fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black Scholes model, taking account of the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest where forfeiture is due to performance criteria not being met during the life of the option

Notes to the Financial Statements

For the year ended 31 March 2012

1. Accounting Policies (continued)

1.11 Financial assets and liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

The calculation of financial liabilities requires the exercise of a significant level of judgement and the use of estimates.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability, then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. Held in trust for cardholders balance relates to cardholder deposits. These deposits are held in a designated bank accounts which is subject to a separate mandate agreed and governed by the company's bankers and Mastercard in order to segregate such funds from other company assets.

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process.

1.12 Impairment of assets and receivables

Loans and receivables are assessed on an ongoing basis where there is evidence that a loan asset is impaired. A loan asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and the loss event has an impact on the estimated future cash flows of the loan asset that can be reliably estimated.

Notes to the Financial Statements

For the year ended 31 March 2012

2. Turnover

The whole of the turnover is attributable to the group's principal activity

3. Operating profit

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the group	124,479	302,211
Auditors' remuneration	31,700	31,550
Auditors' remuneration - non-audit	6,000	4,500
Operating lease rentals		
- other operating leases	72,550	76,333
Difference on foreign exchange	(6,519)	992
Share based payment expense	19,513	(6,675)
	<u>19,513</u>	<u>(6,675)</u>

Auditors fees for the company were £22,700 (2011 - £22,550)

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	2,706,947	2,350,806
Social security costs	277,775	282,667
	<u>2,984,722</u>	<u>2,633,473</u>

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

	2012 No	2011 No
Administration	47	50
Sales	3	3
	<u>50</u>	<u>53</u>

Notes to the Financial Statements

For the year ended 31 March 2012

5. Directors' remuneration

	2012	2011
	£	£
Emoluments	208,750	202,000

The highest paid director received remuneration of £182,000 (2011 - £182,000)

6. Interest payable

	2012	2011
	£	£
Interest payable on loans & shares classed as financial liabilities	1,175,546	1,284,209

7. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 26% (2011 - 28%) The differences are explained below

	2012	2011
	£	£
Loss on ordinary activities before tax	(776,770)	(1,538,823)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	(201,960)	(430,870)

Effects of

Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	158,318	194,677
Depreciation for year in excess of capital allowances	(69,684)	66,794
Unrelieved tax losses carried forward	112,296	173,286
Other differences leading to an increase (decrease) in the tax charge	1,030	(3,887)
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

The Group and company has unrelieved tax losses of £13.1m (2011 - £12.7m) carried forward and available for offset against future trading profits. A deferred tax asset has not been recognised in respect of those losses and will be recoverable only to the extent that the company has sufficient future taxable profits.

Notes to the Financial Statements

For the year ended 31 March 2012

8. Tangible fixed assets

Group and Company	Fixtures & fittings £	Office equipment £	Computer equipment £	Software £	Total £
Cost					
At 1 April 2011	42,364	18,661	495,603	1,426,000	1,982,628
Additions	2,388	6,660	31,144	100,056	140,248
At 31 March 2012	44,752	25,321	526,747	1,526,056	2,122,876
Depreciation					
At 1 April 2011	36,307	18,446	471,486	1,268,602	1,794,841
Charge for the year	3,385	322	20,838	99,934	124,479
At 31 March 2012	39,692	18,768	492,324	1,368,536	1,919,320
Net book value					
At 31 March 2012	5,060	6,553	34,423	157,520	203,556
At 31 March 2011	6,057	215	24,117	157,398	187,787

9. Fixed asset investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2011 and 31 March 2012	800,000
Net book value	
At 31 March 2012	800,000
At 31 March 2011	800,000

Details of the principal subsidiaries can be found under note 25

10. Stocks

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Card inventory	123,877	173,517	123,877	173,517

Notes to the Financial Statements

For the year ended 31 March 2012

11. Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	26,778	80,980	26,778	80,980
Cardholder funds in transit	1,424,626	1,685,211	-	-
Other debtors	52,560	371,525	52,562	335,790
Amounts owed by group undertakings	-	-	1,656,228	694,923
Prepayments and accrued income	281,311	199,134	156,737	131,236
	<u>1,785,275</u>	<u>2,336,850</u>	<u>1,892,305</u>	<u>1,242,929</u>

Cardholder funds in transit represent short term credit to customers and cash due from distributors loading cardholders' accounts. Short term credit consists of iAdvance Payday loans balances of £227,544 (2011 £37,753) and iAdvance Overdraft balances of £249,400 (2011 £nil) as at the 31 March 2012.

12. Cash at bank and in hand

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Held in trust for cardholders	13,632,634	8,395,218	518,420	820,785
Cash and bank balances	2,642,568	1,866,277	759,403	740,936
Total	<u>16,275,202</u>	<u>10,261,495</u>	<u>1,277,823</u>	<u>1,561,721</u>

Held in trust for cardholders balance relates to cardholder deposits. These deposits are held in a designated bank accounts which is subject to a separate mandate agreed and governed by the company's bankers and Mastercard in order to segregate such funds from other company assets.

Notes to the Financial Statements

For the year ended 31 March 2012

13. Creditors:**Amounts falling due within one year**

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Customer liabilities for e-money outstanding	13,547,171	8,656,064	-	-
Trade creditors	506,416	364,901	311,980	229,948
Cardholder fund loads in transit	518,420	820,785	518,420	820,785
Amounts owed to group undertakings	-	1	90,923	68,339
Social security and other taxes	114,246	111,105	108,964	105,800
Other creditors	727,064	540,166	727,064	540,143
Accruals and deferred income	907,434	799,172	893,999	756,790
	16,320,751	11,292,194	2,651,350	2,521,805

14. Creditors:**Amounts falling due after more than one year**

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Loan stock	10,679,712	10,099,694	10,679,712	10,099,694
Outstanding interest on share capital treated as debt	6,892,251	6,296,723	6,892,251	6,296,723
Share capital treated as debt (Note 15)	1,072	1,072	1,072	1,072
	17,573,035	16,397,489	17,573,035	16,397,489

Disclosure of the terms and conditions attached to the non-equity shares is made in note 15

6% loan stock 2015

This bears interest at 6% which is rolled up and total principal and interest will mature in June 2015. The loan stock is held by certain shareholders of the company including main shareholders, Trident Capital Fund VI LP and Trident Capital Fund VI Principals Fund LLC (which are funds managed by the ultimate controlling party of the Group, Trident Capital, Inc.) and is unsecured.

Shares classed as financial liabilities

These include amounts due to the ultimate controlling related party, Trident Capital Fund VI LP, and other minority investors including management.

Notes to the Financial Statements

For the year ended 31 March 2012

15. Share capital

	2012 £	2011 £
Shares classified as capital		
Allotted, called up and fully paid		
361,000 Ordinary shares of £0.001 each	361	361
469,000 Ordinary shares of £0.001 each	469	469
119,795 (2011 - 83,000) Ordinary shares of £0.001 each	120	83
20,000 Ordinary shares of £0.001 each	20	20
4,488 Ordinary shares of £0.001 each	4	-
2,040,000 Series A Convertible Preference shares of £0.001 each	2,040	2,040
170,000 Series B Preference shares of £0.001 each	170	170
	<u>3,184</u>	<u>3,143</u>
Shares classified as debt		
Allotted, called up and fully paid		
407,996 (2011 - 408,000) Series C Convertible Preference shares of £0.001 each	408	408
663,631 (2011 - 664,000) Series D Convertible Preference shares of £0.001 each	664	664
	<u>1,072</u>	<u>1,072</u>

In accordance with FRS 25 Financial Instruments Presentation, the Series C and D convertible preferred shares are compound instruments. The debt component is classed as a financial liability and disclosed within creditors. The equity component is treated as other equity reserves and forms part of shareholders' funds.

Rights of shares

Ordinary shares, Series A convertible preferred share and Series B preferred shares rank *pari passu* in respect of income and capital distributions. Detailed conversion rights are set out in the company's Articles of Association.

Series C and D preferred shares have a premium payable on certain events. Detailed rights are set out in the Company's Articles of Association.

Options and warrants

41,048 options were exercised during the year. Details of share options are given in note 16.

In addition, the company has granted warrants to a third party to subscribe for up to 57,034 Series A convertible preferred shares of £0.01 at £0.071 per share and £295,945 6% loan stock 2015. These warrants are exercisable in the period from 18 April 2007 to the earlier of 18 April 2017 or 5 years after a listing.

Notes to the Financial Statements

For the year ended 31 March 2012

16. Share based payments

Equity-settled share-based payments

The company has a share option scheme for all employees (including directors). Options are exercisable at a price determined at issue based on the share price calculated in accordance with the company's net assets. The vesting period is 4 years. There are no specific performance criteria attached to the exercise of options. The options are settled in equity once exercised.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company subject to an entitlement to exercise a proportionate number of options calculated from the time of issue compared to the 4 year vesting period, provided the employee has at least one year continuous service.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2012 Number	2012 WAEP	2011 Number	2011 WAEP
Outstanding at the beginning of the year	147,850	£0.81	149,550	£0.57
Granted during the year	1,100	£0.95	18,900	£0.95
Exercised during the year	(40,148)	£0.45	(9,318)	£0.45
Forfeited during the year	(4,252)	£0.45	(11,282)	£0.45
Forfeited during the year	-	-	-	-
Outstanding at the end of the year	104,550	£0.81	147,850	£0.81
Exercisable at the year end	41,600	£0.45	33,300	£0.45

The share options outstanding at the end of the year have a weighted average remaining contractual life of 6.7 years (2011: 6.6 years) and have the following exercise prices:

Notes to the Financial Statements

For the year ended 31 March 2012

	Exercise Price £	31 March 2012 Number
1 October 2015	0.45	1,200
1 February 2016	0.45	6,000
1 April 2016	0.45	2,900
1 July 2016	0.45	1,200
1 January 2017	0.45	800
1 April 2017	0.45	1,200
1 July 2017	0.45	800
1 December 2017	0.45	7,000
1 February 2018	0.45	41,650
1 July 2018	0.64	15,400
1 October 2018	0.95	700
1 April 2019	0.95	6,900
1 October 2019	0.95	300
1 April 2020	0.95	9,900
1 October 2020	0.95	7,500
1 April 2021	0.95	1,100

40,148 (2011: 9,318) options were exercised during the year. The weighted average share price at the date of exercise was £0.34 (2011: £0.47).

The fair values were calculated using the Black-Scholes Pricing Model. The inputs into the model were as follows:

- current share price based on business net assets
- effective interest rate of 6%
- volatility estimated at 50%
- expected maturity of 4 years

2012

During the year the following options were granted:

	Number granted Number	Weighted average share price £	Weighted average exercise price £	Weighted average fair value at grant date £
1 April 2011	1,100	0.34	0.95	0.06

Expected volatility was determined in accordance with businesses of a similar nature and size, given the relatively short period of operation and stage of the market development. The expected life used in the model has been based on management's view that options will be exercised at the earliest opportunity in order to mitigate possible personal tax liability.

Notes to the Financial Statements

For the year ended 31 March 2012

17. Reserves

	Share premium account £	Share options reserve £	Other reserves £	Profit and loss account £
Group				
At 1 April 2011	274,738	72,576	1,602,429	(16,682,922)
Loss for the year				(776,770)
Premium on shares issued during the year	20,402			
Revaluation of share options		(19,513)		
At 31 March 2012	<u>295,140</u>	<u>53,063</u>	<u>1,602,429</u>	<u>(17,459,692)</u>
	Share premium account £	Share options reserve £	Other reserves £	Profit and loss account £
Company				
At 1 April 2011	274,738	72,576	1,602,429	(16,906,228)
Loss for the year				(974,412)
Premium on shares issued during the year	20,402			
Revaluation of share options		(19,513)		
At 31 March 2012	<u>295,140</u>	<u>53,063</u>	<u>1,602,429</u>	<u>(17,880,640)</u>

Notes to the Financial Statements

For the year ended 31 March 2012

18. Reconciliation of movement in shareholders' deficit

	2012	2011
Group	£	£
Opening shareholders' deficit	(14,730,034)	(13,193,891)
Loss for the year	(776,770)	(1,538,823)
Shares issued during the year	41	9
Share premium on shares issued (net of expenses)	20,400	-
Share premium utilised on redemption of shares	-	(4,004)
Share options charge / (credit)	(19,513)	6,675
Closing shareholders' deficit	<u>(15,505,876)</u>	<u>(14,730,034)</u>

	2012	2011
Company	£	£
Opening shareholders' deficit	(14,953,340)	(13,394,854)
Loss for the year	(974,412)	(1,561,166)
Shares issued during the year	41	9
Share premium on shares issued (net of expenses)	20,400	-
Share premium utilised on redemption of shares	-	(4,004)
Share options charge / (credit)	(19,513)	6,675
Closing shareholders' deficit	<u>(15,926,824)</u>	<u>(14,953,340)</u>

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 £974,412 (2011 - £-1,561,166)

19. Net cash flow from operating activities

	2012	2011
	£	£
Earnings before interest, tax, depreciation and amortisation	508,455	26,342
Share based option scheme	(19,513)	6,675
Decrease/(increase) in stocks	49,639	(52,341)
Decrease/(increase) in debtors	290,992	(449,863)
Decrease / (increase) in cardholder funds in transit	260,585	(163,429)
Increase in creditors	137,448	616,212
Net increase in deposits from cardholders	4,891,107	1,427,802
Net cash inflow from operating activities	<u>6,118,713</u>	<u>1,411,398</u>

Notes to the Financial Statements

For the year ended 31 March 2012

20. Analysis of cash flows for headings netted in cash flow statement

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	14,801	22,327
Interest paid	-	(27,272)
	<u>14,801</u>	<u>(4,945)</u>
Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>14,801</u>	<u>(4,945)</u>
	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(140,248)	(77,538)
	<u>(140,248)</u>	<u>(77,538)</u>
	2012 £	2011 £
Financing		
Issue of ordinary shares	20,441	4,014
Repayment of loans	-	(41,668)
	<u>20,441</u>	<u>(37,654)</u>
Net cash inflow/(outflow) from financing	<u>20,441</u>	<u>(37,654)</u>

21. Analysis of changes in net debt

	1 April 2011 £	Cash flow £	Other non-cash changes £	31 March 2012 £
Cash at bank and in hand	10,261,495	6,013,707	-	16,275,202
Debt				
Debts falling due after more than one year	(16,397,489)	-	(1,175,545)	(17,573,034)
Net debt	<u>(6,135,994)</u>	<u>6,013,707</u>	<u>(1,175,545)</u>	<u>(1,297,832)</u>

22. Contingent liabilities

The company co-ordinates the collection of debtor balances on behalf of APS Financial Limited. These are due from distributors for topping up customer accounts. In the event of default of payment by a distributor, the company would be liable for any unpaid amounts.

There were no other contingent liabilities at 31 March 2012 or 31 March 2011.

Notes to the Financial Statements

For the year ended 31 March 2012

23. Operating lease commitments

At 31 March 2012 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2012	2011
Group	£	£
Expiry date.		
Between 2 and 5 years	78,000	78,000

At 31 March 2012 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2012	2011
Company	£	£
Expiry date		
Between 2 and 5 years	78,000	78,000

24. Controlling party

The ultimate controlling party is Trident Capital Inc, which is the fund management company of Trident Capital Fund VI LP, the fund which has a majority shareholding in Advanced Payment Solutions Limited

Both Trident Capital Inc and Trident Capital Fund VI LP are entities incorporated in the United States of America

25. Principal subsidiaries

Company name	Country	Percentage Shareholding
APS Financial Limited	United Kingdom	100%