



Financial Statements Advanced Payment Solutions Limited

For the year ended 31 March 2013



Registered number: 04947027

Company Information

Directors	R T Wagner J G Jones D R Dixon S T Knight
Company secretary	R K Dear
Registered number	04947027
Registered office	6th Floor One London Wall London EC2Y 5EB
Independent 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

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Directors' Report

For the year ended 31 March 2013

The directors present their report and the financial statements for the year ended 31 March 2013

Principal activities

The principal activity of the group during the year was the issuing and distribution of prepaid payment cards and associated payment services

Business review

The directors were satisfied with the year's performance with a Group ebitda of £1,353k (2012 £508k) which demonstrated good progress on the prior year's result. Revenue increased to £12.9m (2012 £9.2m), up 41% as the Group has continued to expand its core customer base and achieve greater penetration in its newer corporate and credit sectors. The Group's gross consolidated margin improved to 73% (2012 66%).

The business continued its initiative of offering flexible credit lending focussing on offering overdraft facilities 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 continued to grow the corporate segment with its banking and expense disbursement offer to both SME's and local governments.

In looking forward, the directors anticipate another successful year for the business given the opportunities to expand in its key targeted areas.

Results

The loss for the year, after taxation, amounted to £27,304 (2012 - loss £776,770).

Directors

The directors who served during the year were

R T Wagner
J G Jones
D R Dixon
S T Knight

Directors' Report

For the year ended 31 March 2013

Risk management review

The Group's principal financial instruments comprise cash 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 Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks. The main risks arising from the Group'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 equity capital. The Group exposure to interest rate fluctuations on its interest income from deposits is managed by continual liaison with the Group'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.

Credit risk

The Group is exposed to the credit risk on cash balances in transit from retailers and customer and corporate balances with the Group's bankers. Bank balances and customer deposits are maintained with reputable UK high street banks. The Group is also exposed to credit risk on its lending programme. This risk is managed through review and monitoring of portfolio performance and via its governance and risk management committees.

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.

Directors' Report

For the year ended 31 March 2013

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 accounting 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.

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 18 June 2013 and signed on its behalf



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 2013, 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 (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 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 of the parent company's affairs as at 31 March 2013 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.

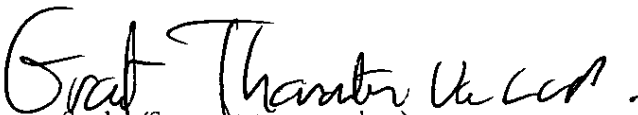


Independent Auditor's Report to the Members of Advanced Payment Solutions Limited

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

18 June 2013

Consolidated Profit and Loss Account

For the year ended 31 March 2013

	Note	2013 £	2012 £
Turnover	1,2	12,922,076	9,166,801
Cost of sales		<u>(3,513,989)</u>	<u>(3,106,831)</u>
Gross profit		9,408,087	6,059,970
Administrative expenses		<u>(8,055,196)</u>	<u>(5,551,515)</u>
Earnings before interest, tax, depreciation and amortisation		1,352,891	508,455
Depreciation & amortisation		<u>(159,707)</u>	<u>(124,480)</u>
Operating profit	3	1,193,184	383,975
Interest receivable and similar income		7,880	14,801
Interest payable and similar charges	6	<u>(1,179,584)</u>	<u>(1,175,546)</u>
Profit/(loss) on ordinary activities before taxation		21,480	(776,770)
Tax on profit/(loss) on ordinary activities	7	<u>(48,784)</u>	<u>-</u>
Loss for the financial year	17	<u><u>(27,304)</u></u>	<u><u>(776,770)</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

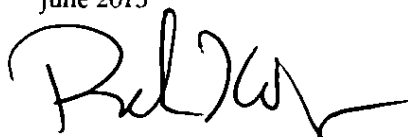
The notes on pages 10 to 24 form part of these financial statements

Consolidated Balance Sheet

As at 31 March 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	8		421,395		203,556
Current assets					
Stocks	10	177,854		123,877	
Debtors	11	2,591,016		1,785,275	
Cash at bank and in hand	12	26,657,622		16,275,202	
		<u>29,426,492</u>		<u>18,184,354</u>	
Creditors: amounts falling due within one year	13	<u>(26,627,859)</u>		<u>(16,320,751)</u>	
Net current assets			<u>2,798,633</u>		<u>1,863,603</u>
Total assets less current liabilities			<u>3,220,028</u>		<u>2,067,159</u>
Creditors: amounts falling due after more than one year	14		18,752,619		17,573,035
Capital and reserves					
Called up share capital	15	3,193		3,184	
Share premium account	17	299,585		295,140	
Share options reserves	17	49,198		53,063	
Other reserves	17	1,602,429		1,602,429	
Profit and loss account	17	<u>(17,486,996)</u>		<u>(17,459,692)</u>	
	18		<u>(15,532,591)</u>		<u>(15,505,876)</u>
			<u>3,220,028</u>		<u>2,067,159</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 June 2013



R T Wagner
Director

The notes on pages 10 to 24 form part of these financial statements

Company Balance Sheet

As at 31 March 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	8		421,395		203,556
Investments	9		800,000		800,000
			<u>1,221,395</u>		<u>1,003,556</u>
Current assets					
Stocks	10	177,854		123,877	
Debtors	11	3,359,291		1,892,305	
Cash at bank and in hand	12	790,881		1,277,823	
		<u>4,328,026</u>		<u>3,294,005</u>	
Creditors: amounts falling due within one year	13	(2,533,907)		(2,651,350)	
Net current assets			<u>1,794,119</u>		<u>642,655</u>
Total assets less current liabilities			<u>3,015,514</u>		<u>1,646,211</u>
Creditors: amounts falling due after more than one year	14		19,202,619		17,573,035
Capital and Reserves					
Called up share capital	15	3,193		3,184	
Share premium account	17	299,585		295,140	
Foreign exchange reserve	17	49,198		53,063	
Other reserves	17	1,602,429		1,602,429	
Profit and loss account	17	(18,141,510)		(17,880,640)	
	18		<u>(16,187,105)</u>		<u>(15,926,824)</u>
			<u>3,015,514</u>		<u>1,646,211</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 June 2013



R T Wagner
Director

The notes on pages 10 to 24 form part of these financial statements

Consolidated Cash Flow Statement

For the year ended 31 March 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	19	10,747,632	6,118,713
Returns on investments and servicing of finance	20	7,880	14,801
Capital expenditure and financial investment	20	(377,546)	(140,248)
Cash inflow before financing		10,377,966	5,993,266
Financing	20	4,454	20,441
Increase in cash in the year		10,382,420	6,013,707

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

For the year ended 31 March 2013

	2013 £	2012 £
Increase in cash in the year	10,382,420	6,013,707
Change in net debt resulting from cash flows	10,382,420	6,013,707
Other non-cash changes	(1,179,585)	(1,175,545)
Movement in net debt in the year	9,202,835	4,838,162
Net debt at 1 April 2012	(1,297,832)	(6,135,994)
Net funds/(debt) at 31 March 2013	7,905,003	(1,297,832)

The notes on pages 10 to 24 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 March 2013

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 directors 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 2013

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 2013

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. Cash 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.

2. Turnover

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

Notes to the Financial Statements

For the year ended 31 March 2013

3. Operating profit

The operating profit is stated after charging/(crediting)

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned by the group	159,707	124,479
Auditor's remuneration	37,915	31,700
Auditor's remuneration - non-audit	7,850	6,000
Operating lease rentals		
- other operating leases	100,490	72,550
Difference on foreign exchange	2,792	(6,519)
Share based payment expense	(3,865)	19,513
	<u>190,889</u>	<u>247,722</u>

Auditors fees for the company were £28,570 (2012 - £22,700)

4. Staff costs

Staff costs, including directors' remuneration, were as follows

	2013 £	2012 £
Wages and salaries	3,752,147	2,706,947
Social security costs	358,674	277,775
	<u>4,110,821</u>	<u>2,984,722</u>

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

	2013 No.	2012 No.
Administration	58	47
Sales	3	3
	<u>61</u>	<u>50</u>

5. Directors' remuneration

	2013 £	2012 £
Emoluments	260,385	208,750

The highest paid director received remuneration of £235,385 (2012 - £182,000)

Notes to the Financial Statements

For the year ended 31 March 2013

6. Interest payable

	2013	2012
	£	£
Interest payable on loans & shares classed as financial liabilities	<u>1,179,584</u>	<u>1,175,546</u>

7. Taxation

	2013	2012
	£	£
UK corporation tax charge on profit/loss for the year	<u>48,784</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2012 - the same as) the standard rate of corporation tax in the UK of 24% (2012 - 26%) as set out below

	2013	2012
	£	£
Profit/loss on ordinary activities before tax	<u>21,480</u>	<u>(776,770)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	5,155	(201,960)

Effects of

Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	122,873	158,318
Unrelieved tax losses carried forward	(73,884)	42,612
Other differences leading to an increase (decrease) in the tax charge	(111)	1,030
Marginal relief	(5,249)	-
Current tax charge for the year (see note above)	<u>48,784</u>	<u>-</u>

Factors that may affect future tax charges

The Group and company has unrelieved tax losses of £13 1m (2012 - £13 1m) 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 2013

8. Tangible fixed assets

Group and Company	Fixtures & fittings £	Office equipment £	Computer equipment £	Software £	Total £
Cost					
At 1 April 2012	44,752	25,321	526,747	1,526,056	2,122,876
Additions	99,531	17,040	49,324	211,651	377,546
At 31 March 2013	144,283	42,361	576,071	1,737,707	2,500,422
Depreciation					
At 1 April 2012	39,692	18,768	492,324	1,368,536	1,919,320
Charge for the year	8,932	990	33,231	116,554	159,707
At 31 March 2013	48,624	19,758	525,555	1,485,090	2,079,027
Net book value					
At 31 March 2013	95,659	22,603	50,516	252,617	421,395
At 31 March 2012	5,060	6,553	34,423	157,520	203,556

9. Fixed asset investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2012 and 31 March 2013	800,000
Net book value	
At 31 March 2013	800,000
At 31 March 2012	800,000

Details of the principal subsidiaries can be found under note number 26

10. Stocks

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Card inventory	177,854	123,877	177,854	123,877

Notes to the Financial Statements

For the year ended 31 March 2013

11. Debtors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	64,650	26,778	64,650	26,778
Amounts owed by group undertakings	-	-	2,740,340	1,656,228
Retailer loads in transit	1,616,791	1,424,626	-	-
Other debtors	534,990	52,560	314,990	52,562
Prepayments and accrued income	374,585	281,311	239,311	156,737
	<u>2,591,016</u>	<u>1,785,275</u>	<u>3,359,291</u>	<u>1,892,305</u>

12. Cash at bank and in hand

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Held in trust for cardholders	20,342,214	13,632,634	-	518,420
Cardholder funds in transit	4,872,659	-	-	-
Cash and bank balances	1,442,749	2,642,568	790,881	759,403
	<u>26,657,622</u>	<u>16,275,202</u>	<u>790,881</u>	<u>1,277,823</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 2013

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

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Customer liabilities for e-money outstanding	23,885,960	13,547,171	-	-
Trade creditors	696,704	506,416	509,656	311,980
Cardholder fund loads in transit	19,168	518,420	19,168	518,420
Amounts owed to group undertakings	-	-	88,948	90,923
Corporation tax	48,784	-	-	-
Social security and other taxes	140,319	114,246	138,132	108,964
Other creditors	687,421	727,064	646,084	727,064
Accruals and deferred income	1,149,503	907,434	1,131,919	893,999
	26,627,859	16,320,751	2,533,907	2,651,350

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

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Loan stock	11,351,547	10,679,712	11,351,547	10,679,712
Outstanding interest on share capital treated as debt	7,400,000	6,892,251	7,400,000	6,892,251
Amounts owed to group undertakings	-	-	450,000	-
Share capital treated as debt (Note 15)	1,072	1,072	1,072	1,072
	18,752,619	17,573,035	19,202,619	17,573,035

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 2013

15. Share capital

	2013 £	2012 £
Shares classified as capital		
Allotted, called up and fully paid		
370,000 (2012 - 361,000) Ordinary shares of £0.001 each	370	361
469,000 Ordinary shares of £0.001 each	469	469
119,795 (2012 - 120,000) Ordinary shares of £0.001 each	120	120
20,000 Ordinary shares of £0.001 each	20	20
4,488 (2012 - 4,000) Ordinary shares of £0.001 each	4	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>3,193</u>	<u>3,184</u>
	2013 £	2012 £
Shares classified as debt		
Allotted, called up and fully paid		
407,996 (2012 - 408,000) Series C Convertible Preference shares of £0.001 each	408	408
663,631 (2012 - 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

4,445 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 2013

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:

	2013 Number	2013 WAEP	2012 Number	2012 WAEP
Outstanding at the beginning of the year	104,550	£0.81	147,850	£0.81
Granted during the year	32,612	£0.95	1,100	£0.95
Exercised during the year	(4,445)	£0.50	(40,148)	£0.45
Forfeited during the year	(6,155)	£0.45	(4,252)	£0.45
Outstanding at the end of the year	126,562	£0.81	104,550	£0.81
Exercisable at the year end	69,750	£0.45	41,600	£0.45

The share options outstanding at the end of the year have a weighted average remaining contractual life of 6.9 years (2012: 6.7 years) and have the following exercise prices:

Notes to the Financial Statements

For the year ended 31 March 2013

Share based payments (continued)

	Exercise Price £	31 March 2013 Number
1 October 2015	0.45	1,200
1 February 2016	0.45	-
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	200
1 July 2017	0.45	800
1 December 2017	0.45	5,000
1 February 2018	0.45	41,650
1 July 2018	0.64	15,400
1 October 2018	0.95	600
1 April 2019	0.95	6,700
1 October 2019	0.95	200
1 April 2020	0.95	8,800
1 October 2020	0.95	7,500
1 April 2021	0.95	1,000
1 April 2022	0.95	31,000
1 October 2022	0.95	1,612

32,612 (2012: 40,148) options were exercised during the year. The weighted average share price at the date of exercise of 31,000 options at April 2012 was £0.41 and at the date of exercise of 1,612 options at October 2012 was £0.56 (2012: £0.34).

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

2013

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 2012	31,000	0.41	0.95	0.09
1 October 2012	1,612	0.56	0.95	0.17

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 2013

17. Reserves

	Share premium account £	Share options reserve £	Other reserves £	Profit and loss account £
Group				
At 1 April 2012	295,140	53,063	1,602,429	(17,459,692)
Loss for the year				(27,304)
Premium on shares issued during the year	4,445			
Revaluation of share options		(3,865)		
At 31 March 2013	<u>299,585</u>	<u>49,198</u>	<u>1,602,429</u>	<u>(17,486,996)</u>
	Share premium account £	Share options reserve £	Other reserves £	Profit and loss account £
Company				
At 1 April 2012	295,140	53,063	1,602,429	(17,880,640)
Loss for the year				(260,870)
Premium on shares issued during the year	4,445			
Revaluation of share options		(3,865)		
At 31 March 2013	<u>299,585</u>	<u>49,198</u>	<u>1,602,429</u>	<u>(18,141,510)</u>

Notes to the Financial Statements

For the year ended 31 March 2013

18. Reconciliation of movement in shareholders' deficit

	2013	2012
Group	£	£
Opening shareholders' deficit	(15,505,876)	(14,730,034)
Loss for the year	(27,304)	(776,770)
Shares issued during the year	9	41
Share premium on shares issued (net of expenses)	4,445	20,400
Share options charge / (credit)	(3,865)	(19,513)
Closing shareholders' deficit	<u>(15,532,591)</u>	<u>(15,505,876)</u>

	2013	2012
Company	£	£
Opening shareholders' deficit	(15,926,824)	(14,953,340)
Loss for the year	(260,870)	(974,412)
Shares issued during the year	9	41
Share premium on shares issued (net of expenses)	4,445	20,400
Share options charge / (credit)	(3,865)	(19,513)
Closing shareholders' deficit	<u>(16,187,105)</u>	<u>(15,926,824)</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 £260,870 (2012 - £-974,412)

19. Net cash flow from operating activities

	2013	2012
	£	£
Earnings before interest, tax, depreciation and amortisation	1,352,891	508,455
Share based option scheme	(3,865)	(19,513)
(Increase)/decrease in stocks	(53,977)	49,639
(Increase)/decrease in debtors	(613,575)	290,992
Decrease / (increase) in retailer loads in transit	(192,165)	260,585
(Decrease)/increase in creditors	(80,466)	137,448
Net increase in deposits from cardholders	10,338,789	4,891,107
Net cash inflow from operating activities	<u>10,747,632</u>	<u>6,118,713</u>

Notes to the Financial Statements

For the year ended 31 March 2013

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

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	7,880	14,801
	<u>7,880</u>	<u>14,801</u>
	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(377,546)	(140,248)
	<u>(377,546)</u>	<u>(140,248)</u>
	2013 £	2012 £
Financing		
Issue of ordinary shares	4,454	20,441
	<u>4,454</u>	<u>20,441</u>

21. Analysis of changes in net debt

	1 April 2012 £	Cash flow £	Other non-cash changes £	31 March 2013 £
Cash at bank and in hand	16,275,202	10,382,420	-	26,657,622
Debt:				
Debts falling due after more than one year	(17,573,034)	-	(1,179,585)	(18,752,619)
Net debt	<u>(1,297,832)</u>	<u>10,382,420</u>	<u>(1,179,585)</u>	<u>7,905,003</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 2013 or 31 March 2012.

Notes to the Financial Statements

For the year ended 31 March 2013

23. Operating lease commitments

At 31 March 2013 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2013	2012
Group	£	£
Expiry date:		
Between 2 and 5 years	142,584	78,000

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2013	2012
Company	£	£
Expiry date:		
Between 2 and 5 years	142,584	78,000

24. Post balance sheet events

Between the balance sheet date and the date when the financial statements have been authorised for issue, the Group has approved and agreed c£2m (c\$3.8m) of additional financing from existing investors through Loan Notes and Warrants

25. 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

26. Principal subsidiaries

Company name	Country	Percentage Shareholding
APS Financial Limited	United Kingdom	100