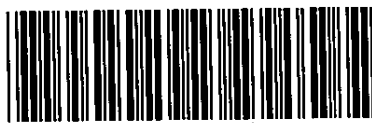


**APS Financial Limited**

**FINANCIAL STATEMENTS**

**For the year ended  
31 MARCH 2010**

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COMPANIES HOUSE

**Company no 6029941**

**APS Financial Limited****OFFICERS AND PROFESSIONAL ADVISERS**

Financial statements for the year ended 31 MARCH 2010

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Company registration number      6029941

Registered office                      6th Floor  
One London Wall  
London  
EC2Y 5EB

Directors                                R K Dear  
R T Wagner  
P A Williams  
P Schooley

Secretary                                S T Yeung

Bankers                                  Royal Bank of Scotland  
280 Bishopsgate  
London  
EC2M 4RB

Auditor                                   Grant Thornton UK LLP  
Chartered Accountants  
Registered Auditor  
Finsbury Square  
London  
EC2P 2YU

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**APS Financial Limited**

Financial statements for the year ended 31 MARCH 2010

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**APS Financial Limited**  
**REPORT OF THE DIRECTORS**

Financial statements for the year ended 31 MARCH 2010

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The directors present their report together with the audited financial statements for the year ended 31 March 2010

**Principal activities**

The company is authorised and regulated by the FSA to issue electronic money. The principal activity of the company is an issuer of prepaid payment cards.

**Business review**

There was a profit for the year after taxation amounting to £22,116 (2009 £175,007). The directors do not recommend the payment of a dividend (2009 £nil).

The Directors were pleased with the performance in the year resulting in the third consecutive year which the company achieved profitability by generating a turnover of £384k, and an overall profit of £22k. This has provided the company a Tier 1 capital, comprised of share capital and retained earnings, to just under £1m - well in excess of the required regulatory level.

Overall profitability has reduced from the prior year due to the business increasing its staffing and resource level in risk management which accounts for the increase in administrative expenses.

Business revenue has been generated from interest earned on customer deposits held and commission from card issuing / bank sponsorship activity. The interest rate environment has not been favourable in the light of low UK base rates which has reduced the ability to grow this income stream, despite an increased level of customer deposits which at the year end were £6.5m (£5.2m 2009), up an impressive 25%. In terms of commissions earned, the income stream has been augmented by an additional customer as the business has augmented its bank sponsorship arrangements outside of its primary contract with Advanced Payment Solutions (APS).

In looking forward, the business anticipates a steady growth in core revenues with expected growth in APS volumes and some improvement in available interest rates. The business is also looking to expand its customer base further and has recently entered into a bank sponsorship arrangement with a European partner. Further opportunities of this nature will be progressed in the coming year.

**Financial risk management objectives and policies**

The company'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 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 company finances its operations through a mixture of retained profits and equity capital. The company's 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.

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**APS Financial Limited**  
**REPORT OF THE DIRECTORS**

Financial statements for the year ended 31 MARCH 2010

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*Liquidity risk*

The company 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 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 present membership of the Board is set out below. All served on the Board throughout the year

R K Dear  
R T Wagner  
P A Williams  
P Schooley

**Statement of directors' responsibilities**

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

**APS Financial Limited**  
REPORT OF THE DIRECTORS

Financial statements for the year ended 31 MARCH 2010

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**Statement of directors' responsibilities (continued)**

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

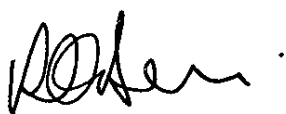
**Directors' indemnity insurance**

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

**Auditor**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Act.

ON BEHALF OF THE BOARD



R K Dear  
Director  
17 June 2010

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
APS Financial Limited**

We have audited the financial statements of APS Financial Limited for the year ended 31 March 2010 which comprise the principal accounting policies, the profit and loss account, the balance sheet and 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 the directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit 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  
APS Financial 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, 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



Marcus Swales  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP,  
Statutory Auditor, Chartered Accountants  
London

17 June 2010



### **Basis of Preparation**

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below

The company has taken advantage of the exemption under Financial Reporting Standard 1 to wholly owned subsidiaries of UK companies and accordingly a cash flow statement is not included in these accounts

### **Turnover**

Turnover represents commissions receivable in respect of the period from transactions processed on the payment card and interest income from management of the customer float balance. Turnover does not include any interest received in respect of cash held from the initial or ongoing working capital of the business

### **Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates 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.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to 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.

### **Financial instruments**

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.

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 other debtors are recognised and carried forward at invoices 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.

**APS Financial Limited**  
**PROFIT AND LOSS ACCOUNT**

Financial Statements for the year ended 31 MARCH 2010

	Note	2010 £	2009 £
Turnover	1	383,581	389,815
Administrative expenses		<u>(373,328)</u>	<u>(252,546)</u>
<b>Operating profit</b>		<b>10,253</b>	<b>137,269</b>
Interest payable		(5)	(3)
Interest receivable		<u>11,868</u>	<u>37,741</u>
<b>Profit on ordinary activities before taxation</b>	2	<b>22,116</b>	<b>175,007</b>
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>	9	<b><u>22,116</u></b>	<b><u>175,007</u></b>

All transactions arise from continuing operations

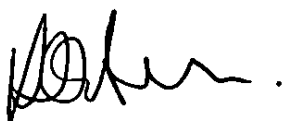
There were no recognised gains or losses other than the results for the financial year as set out above

The accompanying accounting policies and notes form an integral part of these financial statements

**APS Financial Limited**  
BALANCE SHEET AT 31 MARCH 2010

	Note	2010 £	2009 £
<b>Current assets</b>			
Debtors	5	1,630,173	1,886,724
Cash at bank and in hand	6	7,495,245	5,081,639
		<u>9,125,418</u>	<u>6,968,363</u>
<b>Creditors: amounts falling due within one year</b>	7		
Deposits from cardholders		(7,228,262)	(5,216,077)
Other		(897,738)	(774,984)
<b>Net current assets</b>		<u>999,418</u>	<u>977,302</u>
<b>Total assets less current liabilities</b>		<u>999,418</u>	<u>977,302</u>
<b>Capital and reserves</b>			
Called up equity share capital	8	800,000	800,000
Profit and loss account		<u>199,418</u>	<u>177,302</u>
<b>Shareholders' funds</b>	9	<u>999,418</u>	<u>977,302</u>

The financial statements were approved by the Board of Directors and authorised for issue on  
17 June 2010 and are signed on their behalf by



**R K Dear - Director**

Company registration no 6029941

The accompanying accounting policies and notes form an integral part of these financial statements

For the year ended 31 MARCH 2010

# **1 Turnover and profit on ordinary activities before taxation**

The turnover and profit on ordinary activities before taxation is attributable to the one principal activity of the company. An analysis of turnover is given below.

	2010 £	2009 £
United Kingdom	<u>383,581</u>	<u>389,815</u>

## **2 Operating profit**

Operating loss is stated after charging

	2010 £	2009 £
Auditor's remuneration - Fees payable to the company's auditor for the audit of the company's annual accounts	<u>8,500</u>	<u>5,500</u>

## **3 Directors and employees**

Staff costs during the year (including directors) were as follows

	2010 £	2009 £
Wages and salaries	301,326	220,597
Social security costs	<u>37,635</u>	<u>27,292</u>
	<u>338,961</u>	<u>247,889</u>

The average number of administrative employees during the year was 3 (2009: 3)

Remuneration in respect of directors was as follows

	2010 £	2009 £
Emoluments	<u>120,883</u>	<u>15,000</u>

For the year ended 31 MARCH 2010

#### **4 Tax on profit on ordinary activities**

(a) Taxation

No tax arises on the profit for the year

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the United Kingdom of 28% (2009 28%) as explained below

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>22,116</u>	<u>175,007</u>
Profit on ordinary activities multiplied by rate of tax of 28 % (2009 28%)	<u>6,192</u>	<u>49,562</u>
Group relief	<u>(6,192)</u>	<u>(49,562)</u>
Total current tax	<u>-</u>	<u>-</u>

#### **5 Debtors**

	2010 £	2009 £
Cardholder funds in transit (Note 1)	1,521,782	1,723,092
Amounts owed by other group undertakings	57,372	157,379
Prepayments and accrued income	<u>51,019</u>	<u>6,253</u>
	<u>1,630,173</u>	<u>1,886,724</u>

Note 1 - represents cash due from distributors loading cardholders' accounts

#### **6 Cash at bank and in hand**

	2010 £	2009 £
Held in trust for cardholders (Note a)	6,513,053	4,259,424
Other	<u>982,192</u>	<u>822,215</u>
	<u>7,495,245</u>	<u>5,081,639</u>

Note a - cardholder deposits are held in a designated bank account 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

**APS Financial Limited****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 MARCH 2010

**7 Creditors: amounts falling due within one year**

	2010	2009
	£	£
<b>Deposits from cardholders</b>		
Customer liabilities for e-money outstanding	<u>7,228,262</u>	<u>5,216,077</u>
<b>Other</b>		
Cardholder payments in transit	189,878	221,649
Amounts owed to group undertakings	687,046	539,349
Other taxation and social security	4,734	4,593
Accruals and deferred income	16,080	9,393
	<u>897,738</u>	<u>774,984</u>

**8 Share capital**

	2010	2009
	£	£
Authorised		
800,000 ordinary shares of £1 each	<u>800,000</u>	<u>800,000</u>
Allotted, called up and fully paid		
800,000 ordinary shares of £1 each	<u>800,000</u>	<u>800,000</u>

**9 Reconciliation of movements in shareholders' funds**

	2010	2009
	£	£
Profit for the financial year	22,116	175,007
Opening shareholders' funds	<u>977,302</u>	<u>802,295</u>
Closing shareholders' funds	<u>999,418</u>	<u>977,302</u>

**10 Capital commitments**

The company had no capital commitments at 31 March 2010 or 31 March 2009

**11 Contingent liabilities**

There were no contingent liabilities at 31 March 2010 or 31 March 2009

**12 Controlling related party**

The controlling related party and parent undertaking is Advanced Payment Solutions Limited, a company incorporated in England and Wales. 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.

The company has taken advantage of the exemption under Financial Reporting Standard 8 Related Party Disclosures, not to disclose transactions with other group companies.

The largest and smallest group of undertakings for which group accounts have been drawn up and are available is that headed by Advanced Payment Solutions Limited. The group accounts are available from the Registered Office.