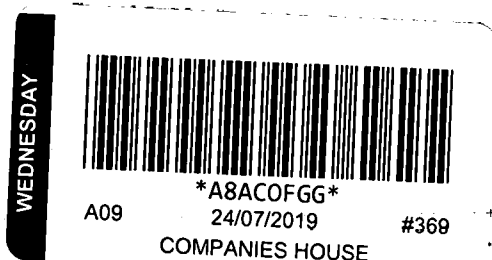


Registered number: 06029941

APS Financial Limited

FINANCIAL STATEMENTS

For the year ended 31 March 2019



APS Financial Limited

COMPANY INFORMATION

Directors

R K Dear
S T Knight
P Schooley
R T Wagner
D E Rodwell
L S Burrett

Company secretary

D E Rodwell

Registered number

06029941

Registered office

6th Floor
One London Wall
London
EC2Y 5EB

Trading Address

Cottons Centre
Cottons Lane
London
SE1 2QG

Independent auditors

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
30 Finsbury Square
London
EC2A 1AG

Bankers

Royal Bank of Scotland
62-63 Threadneedle Street
London
EC2R 8HP

Natwest Bank
250 Bishopsgate
London
EC2M 4AA

APS Financial Limited

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STRATEGIC REPORT
For the year ended 31 March 2019

Business review

The directors were satisfied with the year's performance with a profit before tax of £1.3m (2018: £1.1m) on a turnover of £3.5m (2018: £1.9m). In conjunction with its parent company, the company has continued to enhance its governance processes commensurate with the growing scale of operations and increased volumes.

The main business revenue continues to be generated from commissions associated with its card issuing and safeguarding activities which operates solely on behalf of its parent company, and also from interest earned on deposits held in a safeguarded account with approved credit institutions. To monitor the performance of the company, the directors focus on e-money cash balances as its main key performance indicator. Customer balances have increased during the year to £315m (2018: £242m) and this contributed to the year on year increase in turnover.

Tier 1 capital has increased in line with retained reserves and has been maintained above regulatory thresholds and closed the year at £6.2m (2018: £5.4m).

Trading performance is expected to continue to be strong due to customer balance growth. Last year the parent company announced its intention to become a bank and this project is now well documented. As a result it is expected that the activity of the company will be transferred to the parent company in the course of the coming year.

APS Financial Limited

STRATEGIC REPORT (CONTINUED)
For the year ended 31 March 2019

Principal risks and uncertainties

The company's principal financial instruments comprise cash and various working capital 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, conduct and operational risks.

The main risks arising from the company's financial instruments are interest rate and liquidity. The company participates in the governance and treasury framework of its parent company which allows the directors to review and agree policies for managing each of these risks and they are summarised below. Although the policies have remained largely unchanged from previous years, the company and its parent have now enhanced the overall governance framework by adding an Asset and Liability Committee (ALCO) and Conduct Committee at parent company level.

Oversight and management of the risks posed to the company are undertaken by the company's board and through attendance of the company's directors on parent company committees including those mentioned below.

Interest rate risk

Interest rate risk is the risk that adverse fluctuation may cause an adverse impact on the company's financial position. The company finances its operations through a mixture of retained profits and equity capital support provided by its parent company. The company's exposure to interest rate fluctuations on its interest income from deposits is managed through continual liaison with the company's parent company and assessment of this risk.

Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its liabilities as they fall due. The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs, by detailed cash flow analysis and forecasts.

Both interest rate and liquidity risk are managed at the parent company's ALCO, which meets monthly and reports the parent company's Risk Committee, which meets quarterly.

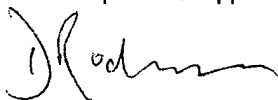
Conduct Risk

Conduct risk is the risk of unfair customer outcomes as a result of business strategies and practices undertaken by the company. The statutory obligation of the FCA is to protect consumers and as part of its adherence to guidelines the company, as a licensed electronic money institution, maintains a conduct risk management framework which addresses the obligation of the business to assess and manage any risk that its systems and controls may cause detriment to a customer. Conduct risk is managed through the parent's Conduct Risk Committee, which meets monthly and reports to the parent company's Risk Committee.

Operational and Other Risks

The company's parent company provides the company with a number of outsourced systems and operational support. Risks associated with these services are primarily managed by the parent company's Operational Security and Risk Management Group which meets monthly and reports to the parent company's Risk Committee.

This report was approved by the board on 20 June 2019 and signed on its behalf.



D E Rodwell
Secretary

APS Financial Limited

DIRECTORS' REPORT

For the year ended 31 March 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Principal activity

The company is authorised and regulated by the FCA as an e-money institution and the principal activity is the issue of prepaid payment debit cards and e-money.

Results and dividends

The profit for the year, after taxation, amounted to £1,366,231 (2018 - £776,001).

Directors

The directors who served during the year were:

R K Dear
S T Knight
P Schooley
R T Wagner
D E Rodwell
L S Burrett

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting 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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

Qualifying third party indemnity provisions

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

APS Financial Limited

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 March 2019

Post balance sheet events

There have been no significant events affecting the company since the year end.

Disclosure of information to auditors

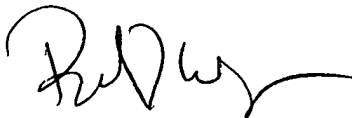
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, 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 20 June 2019 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'R T Wagner', with a long horizontal flourish extending to the right.

R T Wagner
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APS FINANCIAL LIMITED

Opinion

We have audited the financial statements of APS Financial Limited (the 'company') for the year ended 31 March 2019, which comprise Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APS FINANCIAL LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

APS Financial Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APS FINANCIAL LIMITED

Use of our report

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.



Andrew Heffron (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
30 Finsbury Square
London
EC2A 1AG
20 June 2019

APS Financial Limited

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2019

	Note	2019 £	2018 £
Turnover	4	3,520,831	1,886,335
Gross profit		3,520,831	1,886,335
Administrative expenses		(1,868,452)	(828,672)
Operating profit		1,652,379	1,057,663
Interest receivable and similar income	8	9,000	54,000
Other finance income		25,037	17,094
Profit before tax		1,686,416	1,128,757
Tax on profit	9	(320,185)	(352,756)
Profit for the financial year		1,366,231	776,001
Other comprehensive income for the year			
Total comprehensive income for the year		1,366,231	776,001

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

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

APS Financial Limited
Registered number: 06029941

STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Note	2019 £	2018 £
Current assets			
Debtors: amounts falling due within one year	11	3,380,610	6,279,772
Cash at bank and in hand	12	318,208,522	245,711,347
		<u>321,589,132</u>	<u>251,991,119</u>
Creditors: amounts falling due within one year	13	(315,384,291)	(246,752,509)
Net current assets		<u>6,204,841</u>	<u>5,238,610</u>
Net assets		<u><u>6,204,841</u></u>	<u><u>5,238,610</u></u>
Capital and reserves			
Called up share capital	17	350,000	350,000
Capital redemption reserve	18	450,000	450,000
Profit and loss account	18	5,404,841	4,438,610
		<u><u>6,204,841</u></u>	<u><u>5,238,610</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 June 2019.



R T Wagner
Director

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

APS Financial Limited

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2019

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2018	350,000	450,000	4,438,610	5,238,610
Comprehensive income for the year				
Profit for the year	-	-	1,366,231	1,366,231
Total comprehensive income for the year	-	-	1,366,231	1,366,231
Dividends Paid	-	-	(400,000)	(400,000)
At 31 March 2019	350,000	450,000	5,404,841	6,204,841

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

APS Financial Limited

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2018

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	350,000	450,000	3,662,609	4,462,609
Comprehensive income for the year				
Profit for the year	-	-	776,001	776,001
Total comprehensive income for the year	-	-	776,001	776,001
At 31 March 2018	350,000	450,000	4,438,610	5,238,610

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

APS Financial Limited

STATEMENT OF CASH FLOWS
For the year ended 31 March 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	1,366,231	776,001
Adjustments for:		
Interest received	(9,000)	(54,000)
Taxation charge	320,185	352,753
Decrease in debtors	289,419	5,461,435
Decrease in amounts owed by groups	2,609,739	531,524
Increase in creditors	71,397,774	17,207,210
(Decrease) in amounts owed to groups	(2,653,850)	(579,905)
Corporation tax (paid)	(432,323)	(323,477)
Net cash generated from operating activities	72,888,175	23,371,541
Cash flows from investing activities		
Interest received	9,000	54,000
Net cash from investing activities	9,000	54,000
Cash flows from financing activities		
Dividends paid	(400,000)	-
Net cash used in financing activities	(400,000)	-
Net increase in cash and cash equivalents	72,497,175	23,425,541
Cash and cash equivalents at beginning of year	245,711,347	222,285,806
Cash and cash equivalents at the end of year	318,208,522	245,711,347
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	318,208,522	245,711,347
	318,208,522	245,711,347

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

1. General information

APS Financial Limited is a private company limited by shares, registered in England and Wales. Its registered office is located at 6th Floor, One London Wall, London, EC2Y 5EB.

The principal activity of the company during the year was that of commissions associated with its card issuing and e-money safeguarding activities and also interest earned on deposits held in a safeguarded accounts with approved credit institutions.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report on page 1. The company is expected to continue to generate positive cash flows for the foreseeable future. The company participates in the group's centralised treasury arrangements and shares banking arrangements with its parent and fellow subsidiary. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Advanced Payment Solutions Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

Based on their assessment of the company's financial position the directors of the company have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue represents fees and commissions receivable generated from charges to the parent company relating the normal operation of the customer accounts in respect of the period. Commissions are earned and recognised on the date the transactions occur.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

2. Accounting policies (continued)

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Loads in transit

Loads in transit represent cash due from distributors loading cardholders' accounts and are measured at transaction price.

Other debtors

Other debtors are measured at transaction price, less any impairment. Bad debts are written off when identified.

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits held with regulated financial institutions. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash held in trust for cardholders balance relates to cardholder deposit liabilities. As per FCA regulations, these deposits are held in a designated bank accounts which is subject to a separate mandate agreed and governed by the company together with the company's bankers in order to segregate such funds from other company assets. The customer balances are held on the balance sheet takes advantage of interest income by placing these funds with authorised credit institutions.

2.6 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

2. Accounting policies (continued)

2.6 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.10 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.11 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

2. Accounting policies (continued)

2.12 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The directors affirm that there are no critical judgments or key sources of estimation uncertainty in the preparation of these financial statements.

4. Turnover

	2019 £	2018 £
Turnover	3,520,831	1,886,335
	<u>3,520,831</u>	<u>1,886,335</u>

The whole of the turnover is attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

5. Auditors' remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	13,800	11,250
Fees payable to the company's auditor and its associates in respect of:		
Other services relating to taxation	5,000	5,000
Other services supplied pursuant to such legislation	5,300	5,150
All other services	550	550
	<u>10,850</u>	<u>10,700</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	1,305,827	652,167
Social security costs	143,429	94,751
Cost of defined contribution scheme	19,931	5,612
	<u>1,469,187</u>	<u>752,530</u>

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

	2019 No.	2018 No.
	<u>2</u>	<u>2</u>

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	557,798	491,615
Company contributions to defined contribution pension schemes	7,970	3,680
	<u>565,768</u>	<u>495,295</u>

During the year retirement benefits were accruing to 2 directors (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £357,144 (2018 - £315,015).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,800 (2018 - £2,250).

8. Interest receivable

	2019 £	2018 £
Other interest receivable	9,000	54,000
	<u>9,000</u>	<u>54,000</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

9. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	320,185	214,026
Adjustments in respect of previous periods	-	138,730
	<u>320,185</u>	<u>352,756</u>
Total current tax	<u>320,185</u>	<u>352,756</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>320,185</u>	<u>352,756</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,686,416</u>	<u>1,128,757</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	320,419	214,464
Effects of:		
Group relief claimed	(285)	(438)
Adjustments to tax charge in respect of prior periods	178	138,730
Adjustments to tax charge in respect of previous periods - deferred tax	(159)	-
Adjust closing deferred tax to average rate of 19.00%	50	-
Adjust opening deferred tax to average rate of 19.00%	(19)	-
Other adjustments	1	-
Total tax charge for the year	<u><u>320,185</u></u>	<u><u>352,756</u></u>

APS Financial Limited

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

10. Dividends

	2019 £	2018 £
Dividends Paid	400,000	-
	<u>400,000</u>	<u>-</u>

11. Debtors

	2019 £	2018 £
Loads in Transit	2,341,627	2,778,377
Amounts owed by group undertakings	181,213	2,790,952
Other debtors	713,141	585,824
Prepayments and accrued income	144,629	-
Retailer funds in transit	-	124,619
	<u>3,380,610</u>	<u>6,279,772</u>

12. Cash and cash equivalents

	2019 £	2018 £
Held in trust for cardholder	315,009,125	241,884,742
Cash and bank balance	3,199,397	3,826,605
	<u>318,208,522</u>	<u>245,711,347</u>

13. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	777,213	577,599
Amounts owed to group undertakings	472,111	3,125,962
Corporation tax	116,725	228,863
Other taxation and social security	12,265	10,873
Customer liabilities for e-money outstanding	313,792,546	242,788,370
Other creditors	925	937
Accruals and deferred income	212,506	19,905
	<u>315,384,291</u>	<u>246,752,509</u>

NOTES TO THE FINANCIAL STATEMENTS
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14. Financial risk management

The company recognises its exposure to a number of different financial risks and as a result the directors have agreed formal policies for the review and management of these risks which are summarised as follows:

Liquidity risk

Liquidity risk is the potential for an occurrence of an inability to meet financial obligations as they become due. The company is part of a group treasury framework. The group manages the risk through detailed cash flow analysis and forecasting to ensure sufficient liquidity is available to meet foreseeable needs.

The liabilities of the company include £313.8m (2018: £242.8m) of customer liabilities for outstanding e-money balances due on demand.

With regard to customer held funds, the company holds cash which is safeguarded and segregated, equal to the liability of the customer account balances and estimates of cash collected on its behalf by third parties. The balances of both are reviewed and maintained on a daily basis.

Market risk

The directors do not feel that the company is affected directly by market risk but market risk affects the group of which it is part.

Market risk is the risk that changes in market conditions may adversely impact the value of assets or liabilities which may negatively impact the group's earnings. The group's primary risk is interest rate risk. As the group finances its activity through a mixture of borrowing, retained profits and equity the risk to the business comes from the risk associated with the interest rates on its borrowing facilities. Whilst this risk cannot be eliminated the company's exposure to interest rate fluctuation is managed through liaison with the group's parent company.

The group is not materially impacted by other market risks such as currency exchange.

Credit risk

Credit risk is the risk associated with losses arising from the inability or failure of a borrower to meet its contractual obligations.

The group is exposed to risks regarding cash balances due from retailers for customer funds loaded through 3rd parties which is managed through monitoring systems in place for debtor management.

15. Capital management

APS Financial Limited is regulated as an electronic money institution by the FCA under the requirements of the Electronic Money Regulations 2011 and is required to hold adequate capital as prescribed by the FCA's Minimum Regulatory Capital ("MRC") requirement. In compliance with these regulations the directors regularly monitor capital levels within the required levels and therefore maintains capital accordingly.

	2019 £	2018 £
Share Capital	350,000	350,000
Capital Redemption Reserve	450,000	450,000
Reserves	5,404,841	4,438,610
	<u>6,204,841</u>	<u>5,238,610</u>

APS Financial Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

16. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>321,444,504</u>	<u>251,991,117</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(315,042,797)</u>	<u>(246,492,867)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash and cash equivalent, trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors, customer liabilities for e-money outstanding and cardholder funds in transit.

17. Share capital

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
350,000 (2018 - 350,000) Ordinary shares of £1 each	<u>350,000</u>	<u>350,000</u>

Rights of shares

Ordinary shares rights are set out in the company's Articles of Association

18. Reserves

Capital redemption reserve

Capital held to maintain Tier 1 Capital requirement

Profit and loss account

Includes all current and prior periods retained profits and losses.

19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £19,931 (2018 - £5,612). Contributions totalling £nil (2018 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

20. Related party transactions

The company has taken advantage of the exemption conferred by FRS 102 section 33 "related party disclosures" not to disclose transactions with members of the Advance Payment Solutions Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in the consolidated financial statements.

Key management personnel are deemed to be the directors and their remuneration is disclosed in note 7.

21. Ultimate parent undertaking and controlling party

The immediate parent company is Advanced Payment Solutions Limited, a company incorporated in England and Wales. The ultimate controlling party is Trident Capital Fund VI LP, the fund which has the majority shareholding in Advanced Payment Solutions Limited. Both Trident Inc and Trident Capital Fund VI LP are the entities incorporated in the United States.

The largest and smallest group of undertakings for which consolidated accounts have been prepared and are publicly available is that headed by Advanced Payment Solutions Limited. These can be obtained from the registered office.