

KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS LIMITED)

TRADING AS KALIXA PAY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

Registration number 06035209



**KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS
LIMITED)
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KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS LIMITED)

COMPANY INFORMATION

Directors A Quirke
 K Hedjri
 D Hellicar-Bowman
 R Kainzbauer

Company secretary A Quirke

Registered office Third Floor
 One New Change
 London
 EC4M 9AF

Registered office address changed on 4 April 2013

KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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

Statement of Directors' Responsibilities

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 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 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 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.

Directors of the company

The directors who held office during the year were as follows:

A. Quirke

K. Hedjri

D. Hellicar-Bowman

R. Kainzbauer

Principal activity

The principal activity of the company is to issue electronic money via an electronic wallet and prepaid card. In order to carry out that activity, the Company is authorised and regulated by the Financial Conduct Authority to issue electronic money as a principal member of Mastercard as a prepaid card issuer. The Company has strategic partners in place to help to deliver the prepaid proposition, providing services such as connectivity to the Mastercard Scheme, payment processing and customer services.

During the year the Company issued 502,800 shares at par (2011: 425,440 shares at par).

Change of Legal Entity Name

On the 4 April 2013, Vincento Payment Solutions Limited changed its legal entity name to Kalixa Pay Limited.

KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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Results

There was a loss for the financial year after taxation of £690 (year ended 31 December 2011 £1,120,176)

A key revenue driver for the Company is payment load volume on to the electronic wallet. This increased significantly in 2012 to €44 million (2011 €29million)

Another key reserve driver is the client money balances which increased significantly in 2012 to £3.89 million (2011 £2.1 million)

Risks

Due to the nature of the financial products offered, a key risk to the Company is the possibility of money laundering and fraud by external parties. In order to mitigate this risk, the Company has robust policies and procedures in place.

Going Concern

The Company is loss making and currently funded by its parent, TC Invest AG. The Company's ultimate parent has confirmed the financial support for the next twelve month period and the directors can report that there was a post balance sheet event capital investment by TC Invest AG of £426,000 on 25 March 2013. The directors are therefore satisfied that the Company's financial statements can be prepared on a going concern basis.

Qualifying Third Party Indemnity Provision

The Company has arranged qualifying third party indemnity for all its directors.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Reappointment of auditors

The auditors BDO LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 29/05/13 and signed on its behalf by



A Quirke
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS LIMITED)

We have audited the financial statements of Kalixa Pay Limited (formerly Vincento Payment Solutions Limited) for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet 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 Statement of Directors' Responsibilities (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 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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the 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 December 2012 and of its results 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.

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.

BDO LLP

Anil Kapoor (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor

London United Kingdom

Date **29/5/2013**

BDO LLP is a limited liability partnership registered in England and Wales (registered number OC305127)

KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS LIMITED)
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
Turnover		1,308,563	970,075
Cost of sales		<u>(871,099)</u>	<u>(747,112)</u>
Gross profit		437,464	222,963
Administrative expenses		(1,342,038)	(1,333,029)
Other operating income		<u>915,612</u>	<u>-</u>
Operating profit/(loss)	2	11,038	(1,110,066)
Other interest receivable and similar income	6	4,704	2,564
Interest payable and similar charges	7	<u>(15,742)</u>	<u>(12,674)</u>
Loss on ordinary activities before taxation		-	(1,120,176)
Tax on profit/(loss) on ordinary activities	8	<u>(690)</u>	<u>-</u>
Loss for the financial year	14	<u><u>(690)</u></u>	<u><u>(1,120,176)</u></u>

There are no recognised gains or losses for the current year and prior year other than those reported in the profit and loss account

The above activities related to continuing operations

KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS LIMITED)

(REGISTRATION NUMBER: 06035209)

BALANCE SHEET AT 31 DECEMBER 2012

		2012		2011	
	Note	£	£	£	£
Fixed assets					
Intangible fixed assets	9		112,744		135,716
Tangible fixed assets	10		<u>11,649</u>		<u>19,414</u>
			124,393		155,130
Current assets					
Stocks		9,282		12,835	
Debtors	11	960,993		1,002,638	
Cash at bank and in hand		<u>4,715,730</u>		<u>2 882,323</u>	
		5,686,005		3,897,796	
Creditors' Amounts falling due within one year	12	<u>(4,701,258)</u>		<u>(3,445,896)</u>	
Net current assets			<u>984,747</u>		<u>451,900</u>
Net assets			<u>1,109,140</u>		<u>607 030</u>
Capital and reserves					
Called up share capital	13	7,425,580		6,922,780	
Profit and loss account	14	<u>(6,316,440)</u>		<u>(6 315,750)</u>	
Shareholders' funds	15		<u>1,109,140</u>		<u>607,030</u>

The financial statements were approved by the Board of directors on 29/05/13 and signed on its behalf by



A Quirke
Director

KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and United Kingdom Accounting Standards

The company has taken advantage of the exemption in Financial Reporting Standard 1 (Revised 1996) and not provided a cash flow statement as the company's ultimate parent includes a consolidated cashflow in its financial statements

Going concern

The Company is loss making and currently funded by its parent company, TC Invest AG. The Company's cash reserves at 31 December 2012 were £4,715,730 (2011: £2,882,323) and the directors can report that there was a post balance sheet capital investment by TC Invest AG of £426,000 on 25 March 2013.

The directors are therefore satisfied that the Company's financial statements can be prepared on a going concern basis.

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

Income from the company's principal activities is recognised when a cardholder has executed a transaction and the associated fees can be charged in line with contractual arrangements.

Amortisation

Intangible assets are held at cost less amortisation and impairment.

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Development costs	20% straight line basis

Depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment.

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Fixtures, fittings and computer equipment	25% straight line basis

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Deferred tax

Deferred tax is recognised in respect of all timing differences where transactions or events that have originated but not reversed at the balance sheet date result in an obligation to pay more tax in the future, or a right to pay less tax in the future

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

Foreign currency

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rate at the balance sheet date and the exchange differences are included in the profit and loss account

Hire purchase and leasing

Rental payable under operating leases are charged in the profit and loss account on a straight line basis over the term of the lease

Pensions

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme

2 Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2012 £	2011 £
Auditor's remuneration - The audit of the company's annual accounts	19,000	33,800
Foreign currency losses/(gains)	76,732	(30,224)
Depreciation of tangible assets	7,765	19,073
Amortisation of intangible assets	56,626	55,232

3 Auditor's remuneration

	2012 £	2011 £
Audit of the financial statements	<u>19,000</u>	<u>33,800</u>

KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

4 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows

	2012 No	2011 No
Finance	4	4
Product	1	2
	<u>5</u>	<u>6</u>

The aggregate payroll costs were as follows

	2012 £	2011 £
Wages and salaries	388,885	358,531
Social security costs	57,088	56,943
Staff pensions	14,196	15,270
	<u>460,169</u>	<u>430,744</u>

5 Directors' remuneration

The directors' remuneration for the year was as follows

	2012 £	2011 £
Remuneration (including benefits in kind)	243,089	190,601
Company contributions paid to money purchase schemes	9,395	10,437
	<u></u>	<u></u>

During the year the number of directors who were receiving benefits and share incentives was as follows

	2012 No.	2011 No
Accruing benefits under money purchase pension scheme (including highest paid director)	2	2

In respect of the highest paid director

	2012 £	2011 £
Remuneration	130,422	116,758

KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

6 Other interest receivable and similar income

	2012 £	2011 £
Bank interest receivable	<u>4,704</u>	<u>2,564</u>

7 Interest payable and similar charges

	2012 £	2011 £
Interest on loans from group company	<u>15,742</u>	<u>12,674</u>
	<u>15,742</u>	<u>12,674</u>

8 Taxation

Tax on profit/(loss) on ordinary activities

	2012 £	2011 £
Current tax		
Corporation tax charge	<u>690</u>	<u>-</u>

Factors affecting current tax charge for the year

Tax on profit/(loss) on ordinary activities for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)

The differences are reconciled below

	2012 £	2011 £
Loss on ordinary activities before taxation	<u>-</u>	<u>(1,120,176)</u>
Corporation tax at standard rate	-	(296,847)
Depreciation in excess of capital allowances	1,356	4,255
Disallowable expenses	(666)	(325)
Tax losses carried forward (deferred tax asset not recognised)	-	198,977
Group relief surrendered	(224,325)	-
Non taxable income	<u>224,325</u>	<u>93,940</u>
Total current tax	<u>690</u>	<u>-</u>

KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

The Company has an unrecognised deferred tax asset in relation to operating losses carried forward by the Company

The estimated deferred tax asset at the current tax rate is £1,462,000 (2011 £1,496,000)

This is calculated at 24.5% of operating losses of £5,970,619 carried forward

No deferred tax assets have been recognised by the Company due to the uncertainty around timing and the extent of future taxable profits available

9 Intangible fixed assets

	Development costs £	Total £
Cost		
At 1 January 2012	205,961	205,961
Additions	33,654	33,654
At 31 December 2012	239,615	239,615
Amortisation		
At 1 January 2012	70,245	70,245
Charge for the year	56,626	56,626
At 31 December 2012	126,871	126,871
Net book value		
At 31 December 2012	112,744	112,744
At 31 December 2011	135,716	135,716

10 Tangible fixed assets

	Office equipment £	Total £
Cost or valuation		
At 1 January 2012	80,483	80,483
Depreciation		
At 1 January 2012	61,069	61,069
Charge for the year	7,765	7,765
At 31 December 2012	68,834	68,834
Net book value		
At 31 December 2012	11,649	11,649
At 31 December 2011	19,414	19,414

KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

11 Debtors

	2012	2011
	£	£
Trade debtors	67,896	-
Amounts owed by group undertakings	438,875	457,332
Security deposit	446,451	463,986
Prepayments	-	80,550
Other debtors	7,771	770
	<u>960,993</u>	<u>1,002,638</u>

12 Creditors Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	420,945	249,039
Amounts owed to group undertakings	161,229	576,454
Corporation tax	690	-
Other taxes and social security	8,667	16,201
Other creditors	3,258	323,558
Client money held	3,891,808	2,148,419
Accruals and deferred income	214,661	132,225
	<u>4,701,258</u>	<u>3,445,896</u>

As required by the Electronic Money Regulations 2011, client money is safeguarded in segregated bank accounts and included as part of the balance of cash at bank

13 Share capital

Allotted, called up and fully paid shares

	2012		2011	
	No	£	No.	£
Ordinary shares of £1 each	7,425,580	7,425,580	6,922,780	6,922,780

New shares allotted

During the year 502,800 Ordinary shares having an aggregate nominal value of £502,800 were allotted for an aggregate consideration of £502,800

KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

14 Reserves

	Profit and loss account £	Total £
At 1 January 2012	(6,315,750)	(6,315,750)
Loss for the year	<u>(690)</u>	<u>(690)</u>
At 31 December 2012	<u>(6,316,440)</u>	<u>(6,316,440)</u>

15 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Loss attributable to the members of the company	(690)	(1,120,176)
New share capital subscribed	<u>502,800</u>	<u>425,440</u>
Net addition/(reduction) to shareholders' funds	502,110	(694,736)
Shareholders' funds at 1 January	<u>607,030</u>	<u>1,301,766</u>
Shareholders' funds at 31 December	<u>1,109,140</u>	<u>607,030</u>

16 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £14,196 (2011 - £15,270).

Contributions totalling £nil (2011 - £2,081) were payable to the scheme at the end of the year and are included in creditors.

KALIXA PAY LIMITED (FORMERLY VINCENTO PAYMENT SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

17 Commitments

Operating lease commitments

As at 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2012 £	2011 £
Land and buildings		
Within one year	36,282	-
Within two and five years	-	43,538
	<u>36,282</u>	<u>43,538</u>

18 Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard 8, Related Party Transactions, not to disclose any transactions with wholly owned subsidiaries included in the consolidated financial statements of its parent company

19 Control

The Company is a subsidiary undertaking of Bwin party Digital Entertainment Plc, listed on the London Stock Exchange, which is the Company's ultimate holding company. The Company's immediate holding company is TC Invest AG incorporated in Austria.

The consolidated accounts of Bwin party Digital Entertainment Plc are available to the public and may be obtained from 711 Europort, Gibraltar.