Registered number: 06580786

KALIXA PAYMENTS GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

KALIXA PAYMENTS GROUP LIMITED

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KALIXA PAYMENTS GROUP LIMITED

COMPANY INFORMATION

Directors	J Leigh (resigned 30th June 2016) K Hedjri J Bennett (resigned 30th April 2016) M Weigold (Appointed 23rd January 2015 and resigned 11th March 2016) N Cotter (Appointed 30th April 2016) R Hoskin (Appointed 11th March 2016)
Company Secretary	R Hoskin
Registered number	06580786
Registered office	The Corn Mill 1 Roydon Road Stanstead Abbotts Hertfordshire SG12 8XL
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

Organisational Overview
Kalixa Payments Group Limited is a subsidiary of Kalixa Group Limited. The Kalixa Group includes Kalixa Accept Limited, Kalixa Pay Limited, PXP Solutions Limited and Kalixa Services GmbH.

Kalixa Payments Group Limited consolidated all Kalixa companies under its ownership with the acquisition of Kalixa Accept Limited and subsidiaries on 31st January 2015, Kalixa Pay Limited on 28th February 2015 and TC Invest GmbH (since renamed to Kalixa Services GmbH) on 1st July 2015.

Business Model
Kalixa Payments Group Limited is the holding company for the Kalixa and PXP businesses and incorporates a number of PXP and Kalixa subsidiaries within it, namely PXP Solutions Limited, PXP Solutions Inc, PXP Solutions PTY Ltd, Kalixa Services GmbH, Kalixa Accept Limited, Kalixa Payments GmbH, Kalixa Pay Limited and Kalixa (USA) Inc.

Kalixa is separated into three distinct businesses:

Kalixa Accept's principal activity is to provide online payment services to merchants. In order to provide some of these payment services, the company is authorised and regulated by the Financial Conduct Authority (FCA) under the Payment Services Regulations 2009. Kalixa Accept Limited is also a principal member of Visa and MasterCard for card acquiring.

Kalixa Pay's principal activity is to issue electronic money via an electronic wallet and prepaid card. In order to carry out that activity it is authorised and regulated by the FCA to issue electronic money as a principal member of MasterCard, as a prepaid card issuer. Kalixa Pay Limited's operations are split into two main business areas. The company provides an e-Wallet (or e-Account) with an integrated prepaid MasterCard directly to customers and the provision of bespoke 3rd party branded e-Wallet and prepaid card solutions to other businesses.

PXP provides a card focused technical payment gateway solution to merchants. The suite of solutions offered create added value for its merchants (and their customers), include the ability to pay in the native currency of their debit/credit card (Dynamic Currency Conversion), Tokenisation and Offline and Online PIN verification for processing local debit/credit cards in online PIN regions.

Strategy
Kalixa Accept's aim is to be one of the largest providers of electronic payment services worldwide. It currently operates with a pan European license in 28 countries and its strategy is to not only grow its customer base in these markets, but also to penetrate into wider geographical markets. To assist in achieving this it intends to expand the breadth of services and settlement currencies available to customers and to continue to follow an omni-channel strategy to help meet the future payment needs of merchants as the boundaries between in-store and e-commerce transaction processing start to blur. Kalixa Accept added the Nordic currencies SEK, NOK and DKK as settlement currencies in 2015 and will further expand its offering to meet customer demands. Kalixa Accept is also looking to cross sell its e-commerce gateway capabilities, card acquiring and settlement services to the PXP customer base.

Kalixa Pay's is an e-money issuer and owns the electronic payment process, including card issuing, payment processing and MasterCard Principal Membership. This approach provides control, agility and flexibility to rapidly adapt to changing market conditions. Kalixa Pay has been focused on growing its B2B business and providing innovative technology and financial service solutions to its partners, all delivered through a next generation wallet platform. Kalixa is unique in that it owns the majority of the value chain and provides its partners with a low cost, end to end solution. In 2015 Kalixa continued to operate its own prepaid card proposition in the UK, Germany, Austria and Italy. However, due to increased competition in this space and further margin compression a decision has been taken in 2016 to close Kalixa's prepaid card programme and to focus on the B2B market.

A key strategic focus for PXP in 2016 is continuing the omni- channel strategy with further development of the e-commerce capabilities of the payment platform along with expansion into the US market with the introduction of EMV technology (Chip and pin) acting as the catalyst. PXP is strongly focused on its growth in the hospitality, travel and leisure markets and has successfully grown its presence through the period in the international retail market, which is seen as a key development area for the next few years. PXP Limited delivers payment solutions that give its clients the ability to mix and match their multi-channel transaction capability whether in-store, on-line or in the mobile environments and across multiple geographic territories.

Performance assessment, financial review and key performance indicators
Key revenue drivers for Kalixa Accept are the value of transactions processed, which increased by 3% (2014: decreased 0.3%) and the number of merchants which grew 39% in 2015 compared to the prior period (2014: 35%).

Key revenue drivers for Kalixa Pay's B2B business are the value of transactions processed and the number of customer accounts under management. In 2015 these have increased by £263K and 2,685 respectively compared to 2014.The key revenue drivers for Kalixa Pay's direct consumer business (B2C) are the number of new customer registrations which have declined by 74% in 2015 compared to 2014. This has resulted in the decision in Q1 2016 to close the B2C business and to focus on the B2B market.

Key performance indicators for PXP are transaction numbers, which pro-rated have increased by 7.4% (2014: decrease 4.6%) from prior year and customer numbers, which as a percentage reduced by 6.5% (2014: 13.7%) from prior year.

Financial risk management
The Group's operations expose it to a variety of financial risks that include the effect of credit risk and liquidity risk, amongst others. Effective risk management is critical to achieving the Group's objectives. The Group has a comprehensive system of controls in place to manage risks. The Group has put in place a risk management framework to plan for and mitigate certain risks faced by the business including financial risk.

Given the size of the Group the directors have not delegated the responsibility of financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

Price Risk
The Group is exposed to price risk due to normal inflationary increases in the purchase price of goods and services in purchases within the territories that it serves. The Group has no exposure to equity securities price risk as it holds no listed or other equity investments.

IT Risk
The Group is exposed to significant IT risks through the processing of financial transactions through its payments gateway and through the operations of its trading activities on several proprietary e-payment platforms one of which is licenced from Kalixa Group Limited. The key risks include ensuring the availability of the payment gateway to payment processors and customers and ensuring that the data transferred through the payment gateway is safe and secure. The Group continues to ensure its Data Security Policy is robust and any such risk is mitigated by continued external audits by its Qualified Security Assessors and its continued certification to the Payment Card Industries Data Security Standards (PCI-DSS).

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

Credit Risk
Credit risk is the risk of financial loss to the Group that a customer will fail to meet their contractual obligations.

For a large amount of the Group's revenue stream, it has agreements with merchants to provide net settlements whereby charges are deducted before funds are settled. This helps to reduce the risk to the Group, however there may be arrangements in place where the Group settles funds prior to receiving them. In specific instances where credit is provided through pre-funding, flexible payment terms are agreed and these are monitored by the Group in order to reduce risk.

Another substantial portion of our revenues are due to support and maintenance contracts that are prepaid. For all other revenue streams internal policies require the finance department to monitor non-payment and consequently block any access to our platforms via a denial of service.

Liquidity Risk
The Group actively assesses a mixture of long-term and short-term debt finance that is required to ensure the Group has sufficient available funds for operations.

Corporate Governance
As an FCA licenced payment institution and e-money issuer, we are obliged to abide by their regulations as well as complying with PCI standards. The Kalixa Payments Group has established compliance and risk management processes through the use of workshops, committees and regular timely reporting to ensure that risks are identified, monitored and controlled on an on-going basis and that significant risks are escalated to the Board of directors when necessary. The Board considers that the company has complied with these regulations throughout the year.

This report was approved by the board on 29.9.2016 and signed on its behalf by:

....

K Hedjri
Director

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

Directors' Report
The directors present their report and the financial statements for the year ended 31st December 2015.

Directors
The directors who served during the year were:

R Steytler (Resigned 30th September 2015)
E Chandler (Resigned 3rd July 2015)
J Leigh (Resigned 30th June 2016)
K Hedjri
J Bennett (Resigned 30th April 2016)
N Cotter (Appointed 30th April 2016)
R Hoskin (Appointed 11th March 2016)
M Weigold (Appointed 23rd January 2015 and resigned 11th March 2016)

Reporting Period
The reporting period is for 1st January 2015 to 31st December 2015. Prior year figures are for the period covering 1st April 2014 to 31st December 2014.

Change in accounting framework
The group has adopted IFRS as adopted by the European Union for the first time this year. In previous years, the group has applied applicable UK accounting standards.

Principal activities
The principal activity of the Group in the year under review was to provide online payment services to merchants and customers. In order to provide some of these payment services, the company is authorised and regulated by the Financial Conduct Authority under the Payment Services Regulations 2009 and to issue electronic money as a principal member of MasterCard, as a prepaid card issuer. The Company is also a principal member of Visa and MasterCard for card acquiring. The Group through its PXP business also provides software design with technical support and computer consultancy services.

Results for the year
The loss for the year after tax was £8,538,891 (9 months to 31st December 2014 - £1,189,291). The directors do not recommend the payment of a dividend.

Post balance sheet events
A member of the Group, Kalixa Accept Limited, currently holds one share in Visa Europe as part of its membership of Visa. In December 2015 Visa Europe confirmed the sale of 100% of their shares to Visa Inc with the sale anticipated to be completed within the third quarter of 2016. Kalixa Accept has therefore classified this share as being held for sale at 31 December 2015 at its fair value of £8m. The sale completed on 21 June 2016 and the upfront cash consideration of £5m for the sale of the shares was received with a further deferred cash consideration of £0.5m due in 3 years time.

On 29 January 2016 the entire issued share capital of Bwin.party Digital Entertainment Plc was acquired by GVC Holdings Plc. GVC Holdings Plc received a loan of €400m in order to complete this acquisition and as part of the granting on the loan, security was placed against certain Bwin.party Digital Entertainment Plc companies. Kalixa Payments Group Limited has been included within the security.

Kalixa Pay decided to close its prepaid card programme on 24th February 2016.

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

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 International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). 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 judgments and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the EU, subject to any material departure disclosed and explained in the financial statements; and
- 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.

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 that director is aware, there is no relevant audit information of which the company's auditors are 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 relevant audit information and to establish that the company's auditors are aware of that information.

Auditors
The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the board on 29.9.2016 **and signed on its behalf by:**

....
K Hedjri
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KALIXA PAYMENTS GROUP LIMITED

We have audited the financial statements of Kalixa Payments Group Limited for the year ended 31 December 2015 which comprise the group statement of financial position and parent company statement of financial position, the group statement of comprehensive income, the group statement of cash flows, the group statement of changes in equity, the parent company statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going Concern

In forming our opinion of the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.4 to the financial statements concerning the group's ability to continue as a going concern. The group is reliant on the support of its shareholder in order to meet its day to day liabilities. The Directors are confident of the continued support, however due to the shareholder decision to make the business available for sale, the company has only received formal confirmation that the shareholder will continue to support the group until it ceases to be a subsidiary. There is no certainty that a future purchaser of the business will continue this support. These conditions indicate the existence of a material uncertainty which

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KALIXA PAYMENTS GROUP LIMITED

may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and 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 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 and the part of the directors' remuneration report to be audited 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

Leigh Treacy (Senior Statutory Auditor)

for and on behalf of
BDO LLP, Statutory Auditor

55 Baker Street
London
W1U 7EU

Date: 29 SEPTEMBER 2016.

BDO LLP is a limited liability partnership registered in England & Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	31-Dec 2015	31-Dec 2014
REVENUE	2	**21,198,451**	3,081,552
Cost of Sales		**(638,172)**	(309,645)
GROSS PROFIT		**20,560,279**	2,771,907
Non Trading Income		**429,588**	17,010
Income from Joint venture		**823,169**	200,127
Administration expenses		**(25,639,879)**	(4,151,312)
PROFIT/(LOSS) FROM OPERATIONS	3	**(3,826,843)**	(1,162,268)
Interest payable and similar charges	7	**(1,009,183)**	(27,023)
Loss on investment	9	**(3,199,854)**	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(8,035,880)**	(1,189,291)
Tax on loss on ordinary activities	11	**(503,011)**	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	21	**(8,538,891)**	(1,189,291)

The notes on pages 14 to 33 form part of these financial statements.

KALIXA PAYMENTS GROUP LIMITED
REGISTERED NUMBER: 06580786

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	31-Dec 2015 £	31-Dec 2014 £	1-Apr 2014 £
NON CURRENT ASSETS				
Intangible assets	12	**20,190,753**	1,427,721	*2,253,020*
Investment in joint venture	14	**-**	121,326	*-*
Tangible assets	13	**1,648,557**	156,265	*193,798*
		21,839,310	1,705,312	*2,446,818*
CURRENT ASSETS				
Inventories	16	**117,405**	7,855	*26,938*
Held for sale	15	**8,007,244**	-	*-*
Receivables	17	**19,004,906**	1,187,579	*731,198*
Cash at bank and in hand		**19,263,483**	371,723	*307,443*
		46,393,038	1,567,157	*1,065,579*
PAYABLES: amounts falling due within one year	18	**(27,556,122)**	(2,046,816)	*(1,804,755)*
Deferred Tax	10	**(1,572,007)**	-	*-*
NET CURRENT ASSETS (LIABILITIES)		**17,264,909**	(479,659)	*(739,176)*
TOTAL ASSETS LESS CURRENT LIABILITIES		**39,104,219**	1,225,653	*1,707,642*
PAYABLES: amounts falling due after more than one year	19	**40,317,143**	5,910,819	*5,208,243*
EQUITY				
Called up share capital	20	**1,512,585**	1,512,585	*1,512,245*
Own shares	25	**517,097**	-	*-*
Share premium account	21	**408,312**	408,312	*408,312*
Available for sale reserve		**6,370,589**	-	*-*
Capital contribution reserve		**7,088,927**	-	*-*
Accumulated loss	21	**(17,110,434)**	(6,606,063)	*(5,421,158)*
		(1,212,924)	(4,685,166)	*(3,500,601)*
		39,104,219	1,225,653	*1,707,642*

The notes on pages 14 to 33 form part of these financial statements.

The financial statements were approved and authorised for issue by the board on 29.9.2016 and signed on its behalf by:

K Hedjri
Director

KALIXA PAYMENTS GROUP LIMITED
REGISTERED NUMBER: 06580786

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	31-Dec 2015 £	31-Dec 2014 £	1-Apr 2014 £
NON CURRENT ASSETS				
Intangible assets	12	**921,993**	834,908	*1,304,519*
Investments:	14			
Investment in joint venture		**-**	121,326	-
Investments in subsidiary companies		**28,831,552**	2,011,452	*1,875,486*
Other investments and loans		**957,802**	924,632	*888,431*
		29,789,354	3,057,410	*2,763,917*
		30,711,347	3,892,318	*4,068,436*
CURRENT ASSETS				
Receivables	17	**2,762,548**	1,716,189	*888,238*
Cash at bank and in hand		**968,000**	46,723	*1,370*
		3,730,548	1,762,912	*889,608*
PAYABLES: amounts falling due within one year	18	**(535,944)**	(428,624)	*(190,188)*
NET CURRENT ASSETS		**3,194,604**	1,334,288	*699,420*
TOTAL ASSETS LESS CURRENT LIABILITIES		**33,905,951**	5,226,606	*4,767,856*
PAYABLES: amounts falling due after more than one year	19	**40,317,143**	5,910,819	*5,198,486*
EQUITY				
Called up share capital	20	**1,512,585**	1,512,585	*1,512,245*
Share premium account	21	**408,312**	408,312	*408,312*
Capital contribution reserve		**7,088,927**	-	-
Accumulated loss	21	**(15,421,016)**	(2,605,110)	*(2,351,187)*
		(6,411,192)	(684,213)	*(430,630)*
		33,905,951	5,226,606	*4,767,856*

The notes on pages 14 to 33 form part of these financial statements.

The financial statements were approved and authorised for issue by the board on 29/9/2016 and signed on its behalf by:

~~**K Hedjri**~~
Director

29/9/2016

KALIXA PAYMENTS GROUP LIMITED
REGISTERED NUMBER: 06580786

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015

	Share capital	Capital contribution reserve	Share premium	Stock option reserve	Available for sale	Accumulated loss	Total
	£	£	£	£	£	£	£
01 January 2015	1,512,585	-	408,312	-	-	(6,606,063)	**(4,685,166)**
Comprehensive income for the year					6,370,589		**6,370,589**
Loss for the year						(8,538,891)	**(8,538,892)**
Capital contribution		7,088,927					**7,088,927**
Share based payment credit				517,097			**517,097**
Dividends						(1,987,340)	**(1,987,340)**
Currency reserve						21,860	**21,861**
31 December 2015	**1,512,585**	**7,088,927**	**408,312**	**517,097**	**6,370,589**	**(17,110,434)**	**(1,212,924)**
01 April 2014	1,512,245		408,312			(5,421,158)	**(3,500,601)**
Loss for the period						(1,189,291)	**(1,189,291)**
Currency reserve						4,386	**4,386**
Warrants converted into shares	340						**340**
31 December 2014	**1,512,585**	**-**	**408,312**	**-**	**-**	**(6,606,063)**	**(4,685,166)**

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REGISTERED NUMBER: 06580786

COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015

	Share capital	Capital contribution reserve	Share premium	Accumulated loss	Total
	£	£	£	£	£
01 January 2015	1,512,585	-	408,312	(2,605,110)	**(684,213)**
Loss for the year				(12,815,906)	**(12,815,906)**
Capital contribution		7,088,927			**7,088,927**
31 December 2015	**1,512,585**	**7,088,927**	**408,312**	**(15,421,016)**	**(6,411,192)**
01 April 2014	1,512,245		408,312	(2,351,187)	**(430,630)**
Loss for the period				(253,923)	**(253,923)**
Warrants converted into shares	340				**340**
31 December 2014	**1,512,585**	**-**	**408,312**	**(2,605,110)**	**(684,213)**

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CONSOLIDATED STATEMENT OF CASHFLOWS
AS AT 31 DECEMBER 2015

	31 Dec 2015	31 Dec 2014
Loss for the year	(8,538,891)	(1,189,291)
Adjustments for:		
Depreciation	556,225	145,074
Amortisation	5,454,153	825,299
Impairment of intangibles	2,722,324	-
Income tax expense	503,011	-
Interest paid	984,424	(926,571)
Hire purchase interest	-	(1,405)
Operating cashflows before movements in working capital	**1,681,245**	**(1,146,894)**
Increase in trade and other receivables	(17,817,327)	(651,557)
Increase in trade and other payables	25,006,295	435,231
(Increase)/decrease in inventories	(109,550)	19,083
Share based payments	517,097	-
Loss on Joint venture	808,840	199,516
Cash generated from operations	**8,405,355**	**2,273**
Tax refund	**-**	**195,176**
Net cash inflow from operating activities	**8,405,355**	**197,449**
Investing activities		
Purchase of tangible assets	(2,048,517)	(107,541)
Purchase of Subsidiaries	(26,149,662)	-
Purchases of Intellectual property rights	(789,847)	-
Investment in Joint Venture	(671,006)	(320,842)
Net cash used by investing activities	**(29,659,032)**	**(428,383)**
Financing activities		
Capital contributions	7,088,927	-
Dividends paid	(1,987,340)	-
Issue of ordinary shares	-	340
Loan from parent	39,332,719	5,910,819
Loan repayment	(5,910,819)	(4,473,437)
Net cash generated by financing activities	**38,523,487**	**1,437,722**
Net increase in cash and cash equivalents	**18,951,055**	**59,894**
Exchange differences	(59,295)	4,386
Cash and cash equivalents at beginning of the year	371,723	307,443
Cash and cash equivalents at end of the year	**19,263,483**	**371,723**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). In previous years the financial statements were prepared in accordance with applicable UK accounting standards. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The Company financial statements have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of the following disclosure exemptions:

- a statement of cash flows
- the effect of future accounting standards, not yet adopted

Adoption of new and revised Standards and Interpretations

1.2 The following new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB), are effective for the first time in the current financial year and have been adopted by the Group with no effect on its consolidated financial position:

IAS19 (Amended)	- Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 February 2015)

The following relevant standards and interpretations were issued by the IASB or the IFRIC before the period end but are as yet not effective for the 31 December 2015 year end:

IAS16 & IAS41 (Amended)	- Bearer Plants (effective for annual periods beginning on or after 1 January 2016)
IFRS 11 (Amended)	- Accounting for Acquisitions of Interest in Joint Operations (effective for annual periods beginning on or after 1 January 2016)
IAS16 & IAS38 (Amended)	- Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)
IAS 1(Amended)	- Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016)
IAS 27 (Amended)	- Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)
IFRS 9	- Financial Instruments (effective date 1 January 2018)*
IFRS 15	- Revenue Recognition (effective date 1 January 2018)*
IFRS 16	- Leases (effective data 1 January 2019)*

*Not yet endorsed by the EU

Critical accounting policies, estimates and judgements

1.3 The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Stock (note 16)
- Intangible assets and impairment of goodwill (note 12)

- Share based payments (note 25)
- Assets classified as held for sale (note 15)
- Investments in subsidiaries and joint venture (note 14)

1.4 Going Concern

The Group is loss making and currently funded by its parent company, Kalixa Group Limited. The Company's cash reserves at 31 December 2015 were £19,263,483 (2014: £371,723) of which £16,054,166 is client money held. The Group is reliant on the support of the wider group, which is emphasised by the large non-current liability being owed to the parent company in relation to the issue of preference shares in the year. The Directors are confident of the continued support, however due to the shareholder decision to make the business available for sale, the Group has only received formal confirmation that the shareholder will continue to support the Group until it ceases to be a subsidiary. There is no certainty that a future purchaser of the business will continue this support. These conditions indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The directors consider that the Group will continue in operational existence for the foreseeable future and consequently the financial statements have been prepared on a going concern basis. However, should the parent company or a future purchaser cease its support the group may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

1.5 Own Shares

The Group has adopted and granted awards as a reward and retention incentive for employee. When share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vested period. All options granted are time vesting nil cost share options. The Company has used the Black-Scholes option pricing model to value these options unless the Monte Carlo option pricing is deemed more appropriate. An appropriate discount has been applied to reflect the fact that dividends are not paid on options that have not vested or have not been exercised.

1.6 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover derives from many different services within the group, with the main elements being:

- Services provided under software and support agreements, which comprise licence fees, set up fees, engineering consultancy fees, sale of hardware, support and maintenance charges for the term of the agreement.
- Fees from hosting, support and maintenance agreements, which are invoiced in advance of the services provided and an adjustment is made at each month end to account for the deferred income element. The revenue is recognised in the month or year in which the process or service took place.
- Payment gateway services, which offer the merchant a technical connection to many payment providers via the technical payment platform. This service may be charges on a fixed fee or per transaction with the revenue recognised as the service is provided and invoiced accordingly.
- Aggregation services, which offers the merchant a turnkey payment processing solution where technical and commercial relationships are handled by the Company including a full cash management service. The revenue being recognised once the transaction has settled.
- Merchant acquiring services, where customers are charged a fee on a transactional basis and revenue is recognised once the transaction has settled.

Non trading income comprises administration and travel costs reclaimed from customers.

1.7 Basis of consolidation

The financial statements consolidate the accounts of Kalixa Payments Group Limited and all of its subsidiary undertakings ('subsidiaries') made up to 31st December 2015. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

1.8 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. As of 1 January 2015 it is subject to annual impairment reviews, with any impairment being written off directly to the consolidated statement of comprehensive income. Previously it was amortised to the income statement over its estimated economic life.

Intellectual property rights relate to patents, rights to inventions, copyright and related rights, moral rights, trademarks and service marks, trade names and domain names, rights in get-up, rights to sue for passing off or unfair competition, as well as rights in designs.

Amortisation is provided at the following rates:

Other Intangibles	-	20% straight line
Acquired Intangibles	-	Term of the contract (between 3 and 5 years)

1.9 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	-	20% straight line
Computer equipment	-	33% straight line
Software	-	33% straight line

1.10 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.11 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the income statement so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.12 Operating leases

Rentals under operating leases are charged to the income statement on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.13 Inventories

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.14 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.15 Foreign currencies

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

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 Statement of Comprehensive Income account.

1.16 Financial assets

Trade and other receivables

Trade and other receivables represent short term monetary assets which are recognised at fair value less impairment and other related provisions, which are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due. The amount of such a provision is the difference between the net carrying amount and the present value of the future expected cashflows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income as a bad debt. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Available for sale assets

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the company's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value, other than those arising due to exchange rate fluctuations and interest calculated using the effective interest rate, recognised in other comprehensive income and accumulated in the available-for-sale reserve. Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method are recognised in profit or loss.

Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve.

On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

1.17 Financial liabilities

Trade and other payables

Trade and other payables are generated through the normal means of trading and are recognised at fair value. All suppliers' terms and credit periods are adhered to by the Company. Other payables show balances which are due to be paid on behalf of employee related creditors.

Other financial liabilities

Loans from the parent company are in relation to preference shares issued and are initially recognised at fair value and they incur annual interest of Euro libor plus 4%. The difference between the fair value of the loan on initial recognition and the amount of the proceeds is credited directly to equity as a capital contribution. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation which is included in finance costs in the statement of comprehensive income.

2. NET REVENUE

An analysis of net revenue by geographical location is given below:

	31-Dec 2015	31-Dec 2014
	£	£
Sales – UK	**3,499,642**	2,136,853
Sales – Europe	**16,229,352**	594,508
Sales – Rest of world	**1,469,457**	350,191
	21,198,451	3,081,552

3. OPERATING LOSS

The operating loss is stated after charging:

	31-Dec 2015	31-Dec 2014
	£	£
Amortisation - intangible fixed assets	**5,454,153**	469,611
Depreciation of tangible fixed assets	**556,225**	145,074
Impairment losses	**2,722,324**	355,688
Loss on investment	**3,199,854**	-
Operating lease rentals:		
- other operating leases	**164,582**	127,530
Exchange gain or loss	**(245,052)**	4,386

4. AUDITORS' REMUNERATION

	31-Dec 2015	31-Dec 2014
	£	£
Fees payable to the company's auditor for the audit of the Group's annual accounts	**150,750**	77,500

5. STAFF COSTS

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

	31-Dec 2015 £	31-Dec 2014 £
Wages and salaries	**6,613,167**	1,453,273
Social security costs	**742,996**	170,564
	7,356,163	1,623,837

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

	31-Dec 2015	31-Dec 2014
Sales & Marketing	**10**	7
Development	**62**	34
Operations	**13**	4
Finance	**6**	-
Legal & compliance	**4**	-
	95	45

6. DIRECTORS' REMUNERATION

	31-Dec 2015 £	31-Dec 2014 £
Remuneration (including benefits in kind)	**176,511**	26,661

7. INTEREST PAYABLE

	31-Dec 2015 £	31-Dec 2014 £
On other loans	**1,008,380**	25,618
On finance leases and hire purchase contracts	**803**	1,405
	1,009,183	27,023

8. BUSINESS COMBINATIONS

During the year the Group acquired the entire share capital of the following:

- 31st January 2015; Kalixa Accept Limited and Kalixa US Inc for £28,500,000.
- 28th February 2015; Kalixa Pay Limited for £3,500,000.
- 1st July 2015; Kalixa Services Limited for €4,100,000.

The reason for the acquisitions were due to a restructure of the holding company within the wider group. No specific synergies have arisen from these acquisitions.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Kalixa Accept Limited/Kalixa US Inc	Kalixa Pay Limited	Kalixa Services Limited
	£	£	£
Property, plant and equipment	-	1,880	516,989
Investments	990	-	-
Intangible assets	70,727	5,889	-
Inventories	85,141	60,165	-
Receivables	17,620,379	2,292,805	4,943,451
Cash	10,667,607	7,909,405	731,228
Payables	(22,428,702)	(10,313,594)	(3,301,349)
Customer lists	16,061,096	2,687,323	122,355
Total net assets	**22,077,238**	**2,643,873**	**3,012,674**
Fair value of consideration paid – all cash	**28,500,000**	**3,500,000**	**3,012,674**
Goodwill	**6,422,762**	**856,127**	**-**

The new acquired companies have contributed a total of £19,766,879 of revenue during the year.

9. LOSS ON INVESTMENT

	Total
	£
Investment in Kalixa Pay Limited	2,722,325
Investment in Joint venture	477,529
	3,199,854

10. DEFERRED TAX

	Total
	£
As at 1 January 2015	-
Reclassification as held for sale	1,572,007
As at 31 December 2015	**1,572,007**

Deferred tax liabilities of £1.5m (2014: £nil) relate primarily to temporary differences arising from fair value adjustments of fair value uplift of investments.

11. TAXATION

	31-Dec 2015 £	31-Dec 2014 £
Analysis of tax charge/(credit) in the period/year		
Current tax		
UK Corporation tax charge on losses in the period/year	**438,227**	
Foreign Corporation tax charge on losses in the period/year	**64,784**	
	503,011	-

Factors affecting tax charge for the period/year

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	31-Dec 2015 £	31-Dec 2014 £
Loss on ordinary activities before tax	**(8,035,881)**	(1,189,291)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% *(2014 - 21%)*	**(1,627,266)**	(249,751)
Effects of:		
Expenses not deductible for tax purposes	**2,195,274**	5,462
Capital allowances in excess of depreciation	**(57,922)**	(7,038)
Other short term timing differences	-	(186,178)
Losses eliminated	-	202,842
Adjustments to losses	-	271,613
Different tax charge for overseas subsidiaries	**(2,100)**	-
Other permanent differences	**(4,975)**	11
Other differences leading to an increase in the tax charge	-	30,922
Unrelieved tax losses and other deductions arising in the period	-	(67,883)
Current tax charge for the period/year (see note above)	**503,011**	-

The Group has a deferred tax liability of £1,572,007 in respect of short term timing differences.

The Group has an unrecognised UK deferred tax asset in relation to operating losses carried forward by the Group. The estimated deferred tax asset at the current tax rate is £1,569,579 (2014: £1,425,987). No deferred tax assets have been recognised by the Group due to the uncertainty around timing and the extent of future taxable profits available.

12. INTANGIBLE ASSETS

Group	Acquired intangibles £	Other intangibles £	Goodwill £	Total £
Cost				
At 1 April 2014	3,130,739	-	2,371,371	5,502,110
At 31 December 2014	3,130,739	-	2,371,371	5,502,110
Additions	18,870,773	713,232	7,278,889	26,862,894
Additions via subsidiary undertakin(	-	76,615	-	76,615
At 31 December 2015	**22,001,512**	**789,847**	**9,650,260**	**32,441,619**
Amortisation and impairment				
At 1 April 2014	1,826,220	-	1,422,870	3,249,090
At 31 December 2014	2,295,831	-	1,778,558	4,074,389
Amortisation charge for the year	4,808,629	52,711	-	4,861,340
Impairment losses	1,866,197	-	1,448,940	3,315,137
At 31 December 2015	**8,970,657**	**52,711**	**3,227,498**	**12,250,866**
Net book value				
At 31 December 2015	**13,030,855**	**737,136**	**6,422,762**	**20,190,753**
At 1 April 2014	1,304,519	-	592,813	2,253,020
At 31 December 2014	834,908	-	592,813	1,427,721

Company	Other intangibles £	Acquired intangibles £	Total £
Cost			
At 1 April 2014	-	3,130,739	3,130,739
At 31 December 2014	-	3,130,739	3,130,739
Additions	713,232	-	713,232
At 31 December 2015	**713,232**	**3,130,739**	**3,843,971**
Amortisation and impairment			
At 1 April 2014	-	1,826,220	1,826,220
At 31 December 2014	-	2,295,831	2,295,831
Amortisation charge for the year	-	626,147	626,147
At 31 December 2015		**2,921,978**	**2,921,978**
Net book value			
At 31 December 2015	**713,232**	**208,761**	**921,993**
At 1 April 2014			
At 31 December 2014	-	834,908	834,908

Acquired intangible assets are those intangible assets purchased as part of an acquisition and primarily include customer lists, brands and software. The fair value of acquired intangibles is based on cashflow projections at the time of acquisition.

Other intangibles primarily include development and intellectual property rights. Development expenditure represents software infrastructure assets that have been developed and generated internally. Other intangibles are being amortised over their estimated useful economic lives of five years.

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets. A detailed review was undertaken at 31 December 2015 to assess whether the carrying value of assets was supported by the net present value of future cashflows derived from those assets using cashflow projections for a ten-year period. The review concluded that an impairments was required.

13. TANGIBLE ASSETS

Group	Fixtures & Fittings	Computer Equipment	Software	Total
	£	£	£	£
Cost				
At 1 April 2014	178,322	889,298	23,663	1,091,283
At 31 December 2014	193,569	972,863	32,392	1,198,824
Additions	35,856	1,172,535	143,724	1,352,115
Additions via subsidiary acquisition	-	653,563	42,839	696,402
At 31 December 2015	**229,425**	**2,798,961**	**218,955**	**3,247,341**
Depreciation				
At 1 April 2014	137,800	754,867	4,818	897,485
At 31 December 2014	157,625	871,905	13,029	1,042,559
Charge for year	19,305	482,512	54,408	556,225
At 31 December 2015	**176,930**	**1,354,417**	**67,437**	**1,598,784**
Net book value				
At 31 December 2015	**52,495**	**1,444,544**	**151,518**	**1,648,557**
1 April 2014	40,522	134,431	18,845	193,798
At 31 December 2014	35,944	100,958	19,363	156,265

14. INVESTMENTS

Company	Investments in subsidiary companies	Other investments and loans (as restated)	Investments In Joint Ventures	Total (as restated)
	£	£	£	£
Cost or valuation				
At 1 April 2014	1,875,486	888,431	-	2,763,917
At 31 December 2014	2,011,452	924,632	121,326	3,057,410
Additions	36,012,674	35,964	671,006	36,719,644
Loss for the period	-	-	(439,233)	(439,233)
FX movement	-	(2,794)	16,508	13,714
Write down for the year	(9,192,574)	-	(369,607)	(9,562,181)
At 31 December 2015	**28,831,552**	**957,802**	-	**29,789,354**
Net book value				
At 31 December 2015	**28,831,552**	**957,802**	-	**29,789,354**
At 1 April 2014	1,875,486	888,431	-	2,763,917
At 31 December 2014	2,011,452	924,632	121,326	3,057,410

Details of the principal subsidiaries can be found under Note 28.

Investments in Joint Ventures: Circulo Payment Limited was a venture launched in 2014 with Millicom International Cellular S.A., to develop a payment service provider to operate in Africa and Latin America. This entity ceased trading in the year and the investment was written off to the income statement.

Investments in Subsidiaries: During the year the company invested in Kalixa Pay Limited, Kalixa Accept Limited, Kalixa Services GmbH and Kalixa US Inc. An impairment assessment was undertaken on these and due to the loss making nature of both Kalixa Pay Limited and Kalixa Services GmbH and the projected forecast for future results, *it was deemed that these investments should be written down to reflect their recoverable value.*

As at 31st December 2015, included within other investments and loans are loans to subsidiaries: PXP Solutions PTY Limited, £675,309 (2014 - £676,503), to PXP Solutions Inc £253,052 (2014 - £248,129) and to Kalixa Services Limited £29,441 (2014 – Nil). These loans are repayable on 1 April 2025 and are not interest bearing.

15. ASSETS HELD FOR SALE

	Group			Company		
	31-Dec 2015	31-Dec 2014	1-Apr-2014	31-Dec 2015	31-Dec 2014	1-Apr-2014
	£	£	£	£	£	£
At 1 January 2015	-	-	-	-	-	-
Reclassified s held for sale:						
Cash	**4,416,278**	-	-	-	-	-
Stock	**3,296,548**	-	-	-	-	-
Contingent	**294,418**	-	-	-	-	-
At 31 December 2015	**8,007,244**	-		-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

The Group has classified its investment in Visa Europe Limited as held for sale. This investment was previously carried as an available for sale investment and has been reclassified to assets held for sale at its fair value of £8m following the announcement in 2015 that this asset will be acquired by Visa Inc as part of its acquisition of Visa Europe Limited. The carrying value of the
Visa Europe Limited investment is recorded at fair value.

16. INVENTORIES

	Group			Company		
	31-Dec 2015	31-Dec 2014	1-Apr-2014	**31-Dec 2015**	31-Dec 2014	1-Apr-2014
	£	£	£	**£**	£	£
Raw materials	**117,405**	7,855	26,938	-	-	-

17. RECEIVABLES

	Group			Company		
	31-Dec 2015	31-Dec 2014	1-Apr-2014	**31-Dec 2015**	31-Dec 2014	1-Apr-2014
	£	£	£	**£**	£	£
Trade receivables	**1,767,839**	908,279	468,309	**556,661**	252,954	-
Other receivables	**1,766,348**	279,300	67,713	-	111,127	2,525
Amounts owed by group undertakings and undertakings in which the group has a participating interest	**1,442,681**	-	-	**2,205,887**	1,322,108	885,713
Payment service providers	**14,028,038**	-	-	-	-	-
	19,004,906	1,187,579	536,022	**2,762,548**	1,686,189	888,238

18. PAYABLES:
Amounts falling due within one year

	Group			Company		
	31-Dec 2015	31-Dec 2014	1-Apr-2014	**31-Dec 2015**	31-Dec 2014	1-Apr-2014
	£	£	£	**£**	£	£
Loans	-	-	180,000	-	-	180,000
Amounts owed to group undertakings	**9,976,333**	-	-	**494,794**	-	
Net obligations under finance leases and hire purchase contracts	-	13,601	26,771	-	-	
Trade payables	**343,702**	169,328	238,588	**5,400**	5,940	
Client money held	**7,701,097**	-		-	-	
Social security and other taxes	**697,108**	289,479	178,331	**35,750**	40,025	2,601
Corp Tax	**92**	-				
Merchant payables	**6,142,301**	-		-	-	
Other payables	**1,621,392**	509,470	262,647	-	382,659	7,587
Accruals and deferred income	**1,074,099**	1,064,938	918,418	-	-	
	27,556,122	2,046,816	1,804,755	**535,944**	428,624	190,188

19. PAYABLES:
Amounts falling due after more than one year

	Group			Company		
	31-Dec 2015	31-Dec 2014	1-Apr 2014	**31-Dec 2015**	31-Dec 2014	1-Apr 2014
	£	£	£	**£**	£	£
Loans from Parent	**40,317,143**	5,910,819	-	**40,317,143**	5,910,819	-
Loans from Investors / Vendors	-	-	4,270,510	-	-	4,270,510
Accrued interest on loans to Investors/Vendors	-	-	927,976	-	-	927,976
Net obligations under finance leases and hire purchase contracts	-	-	9,757	-	-	-
	40,317,143	5,910,819	5,208,243	**40,317,143**	5,910,819	5,198,486

The loan is in relation to preference shares issued to Kalixa Group Limited during the year. This loan is subject to annual interest of Euro libor plus 4%.

20. SHARE CAPITAL

	31-Dec 2015	31-Dec 2014	1-Apr-2014
	£	£	£
Allotted, called up and fully paid			
Ordinary shares of £1 each	**1,512,585**	1,208,181	1,208,181
507,856 - Ordinary shares of £0.01 each	-	5,079	4,138
449,311- A. Preferred shares of £0.666188 each	-	299,325	299,325
60,072 – Warrants issued for 60,000 ordinary shares of £0.01 each	-	-	601
	1,512,585	1,512,585	1,512,245

During the year all the shares were fully converted into ordinary shares.

21. RESERVES

Group	**Share Premium account £**	**Accumulated loss £**
At 1 April 2014	**408,312**	**(5,421,158)**
At 31 December 2014	**408,312**	**(6,606,063)**
Loss for the year	**-**	**(8,538,891)**
Dividends	**-**	**(1,987,340)**
Currency translation difference on consolidation	**-**	**21,860**
At 31 December 2015	**408,312**	**(17,110,434)**

Company	Share Premium Account £	Accumulated loss £
At 1 April 2014	408,312	(2,351,187)
At 31 December 2014	408,312	(2,605,110)
Loss for the year	-	(12,815,906)
At 31 December 2015	408,312	(15,421,016)

22. SHAREHOLDERS' FUNDS

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income statement.

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Available for sale reserve	Group investment in entities not qualifying as subsidiary
Own shares	Shares issued to staff as part of the group share scheme
Capital contribution reserve	Funds transferred over by parent company as a capital injection
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere
Currency translation	Gains arising on the retranslation on the net assets of an overseas subsidiary

23. FINANCIAL INSTRUMENTS

	31-Dec 2015 £	31-Dec 2014 £	1-Apr-2014 £
Financial assets at amortised cost			
Trade and other receivables	**17,562,225**	1,187,579	731,198
Cash and cash equivalent	**19,263,483**	371,723	307,443
Amounts owed by group undertakings	**1,442,681**	-	-
	38,268,389	1,559,302	1,038,641
Financial liabilities measured at amortised costs			
Trade and other payables	**16,882,592**	1,757,337	1,626,424
Amounts owed to group undertakings	**9,976,333**	-	-
	26,858,925	1,757,337	1,626,424

Trade and other receivables are largely made up of amounts owed by payment service providers, trade receivables and security deposits.

Trade and other payables are largely made up of trade and merchant payables and client monies held.

Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Financial instruments	**Level 1**		**Level 2**		**Level 3**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	£	**£**	**£**	**£**	**£**	**£**
Financial assets						
Contingent consideration - receivables	-	-	-	-	**8,007,244**	-
As at 31 December	-	-	-	-	**8,007,244**	-

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets
Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices within level 1
Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

There were no transfers between levels during the period.

The valuation techniques and significant unobservable inputs used in determining the fair value measurements of level 3 financial instruments are set out in the table below.

Financial instrument	**Valuation technique used**	**Significant unobservable inputs**
Contingent consideration - receivables	Discounted cash flow forecasts	Weighted average cost of capital and expected cash flows

In respect of the investment in Visa Europe limited which is carried at fair value and recorded within level 3, the directors have arrived at a valuation which they believe to be within a reasonable range, based on information available to them. The sale completed on 21st June 2016 and the upfront consideration of £5m for the sale of the shares was received with a further deferred cash consideration of £0.5m due in 3 years time.

A description of the principal risk relating to financial instruments and their relevance to the Company and how they are managed is given below:

Liquidity risk:
The Company maintains sufficient cash and liquid resources to cover likely future settlements. We also have the backing of the group if required. Amounts owed to the group are non-current liabilities.

Currency risk:
Foreign currency risk is the risk that the value of a financial instrument will vary with respect to foreign currency fluctuations. The Company has minimal currency risk exposure since most of its assets and transactions are denominated in sterling.

Capital management risk:
The Group has no policy as to the level of equity capital and reserves other than to address statutory requirements. The primary capital risk to the Group is the level of debt relative to the Group's net income. Accordingly, the Group's policy is that third party net debt should not exceed £8 million. Net Debt is defined as third party borrowings plus client monies less cash.

As at 31 December	2015 £	2014 £
Loans and borrowings	-	-
Client liabilities	7,701,097	-
Gross debt	**7,701,097**	-
Cash and cash equivalents	19,263,483	371,723
Net surplus	**11,562,386**	371,723

Credit risk:
Credit risk is the risk of financial loss to the Group that a customer will fail to meet their contractual obligations.

For a large amount of the Groups revenue stream, it has agreements with merchants to provide net settlements whereby charges are deducted before funds are settled. This helps to reduce the risk to the Group, however there may be arrangements in place where the Group settles funds prior to receiving them. In specific instances where credit is provided through pre-funding, flexible payment terms are agreed and these are monitored by the Group in order to reduce risk.

Another substantial portion of our revenues are due to support and maintenance contracts that are prepaid. For all other revenue streams internal policies require the finance department to monitor non-payment and consequently block any access to our gateway via a denial of service.

24. OPERATING LEASE COMMITMENTS

At 31st December 2015 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	31-Dec 2015 £	31-Dec 2014 £	**31-Dec 2015 £**	31-Dec 2014 £
Expiry date:				
Within 1 year	**164,582**	164,582	**13,550**	3,460
Between 2 and 5 years	**658,328**	-	**48,938**	4,502
	822,910	164,582	**62,488**	7,962

25. OWN SHARES

	31-Dec 2015 £	31-Dec 2014 £	1-Apr 2014 £
Share-based payments	**517,097**	-	-
	517,097	-	-

The BSP (Bonus Share Plan) plan covers a three year period with annual performance targets set at the beginning of each year. If the targets are met the participant will receive nil-cost share-options which vest in equal instalments over the next three years. The BSP plan was wound up on the acquisition of bwin.party Digital Entertainment plc on 1st February 2016. No further grants of shares were made in 2016 and all options were vested and exercised on this date under the scheme rules.

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FOR THE YEAR ENDED 31 DECEMBER 2015

Bonus and Share Plan ("BSP")

	31-Dec 2015 No.	31-Dec 2014 No.	1-Apr 2014 No.
Outstanding at beginning of year	**140,910**	-	-
Granted during the year	**162,937**	-	-
Exercised during the year	**(203,676)**	-	-
Lapsed during the year	**(4,085)**	-	-
Outstanding at end of the year	**96,086**	-	-

The GSP plan is an award of free shares worth up to a maximum of £25,000 (or equivalent) which may be made to each eligible employee each year. The award may be subject to performance conditions. There is flexibility to grant different types of free share award including nil-cost options, conditional awards of shares and restricted shares where the employee is the owner of the shares from the date of award. The GSP plan was wound up on the acquisition of bwin.party Digital Entertainment plc on 1st February 2016. No further grants of shares were made in 2016 and all options were vested and exercised on this date under the scheme rules.

Group Share Plan ("GSP")

	31-Dec 2015 No.	31-Dec 2014 No.	1-Apr 2014 No.
Outstanding at beginning of year	**215,975**	-	-
Granted during the year	**27,148**	-	-
Exercised during the year	**(114,885)**	-	-
Lapsed during the year	**(40,497)**	-	-
Outstanding at end of the year	**87,741**	-	-

26. RELATED PARTIES

Name of related party	Nature of related party	Income statement movements £	(Creditor)/Debtor as at 31st December 2015 £
Kalixa Group Limited	Parent	872,587	(38,766,541)
Bwin.party services (Austria) GmbH	Fellow subsidiary	(108,020)	25,531
GVC Services Limited	Fellow subsidiary	6,167,510	(4,560,716)
BES SAS	Fellow subsidiary	178,288	(31,385)
Bwin Italia S.r.l	Fellow subsidiary	717,088	(763,741)
Bwin.party services (Gibraltar) Limited	Fellow subsidiary	-	35,094
Electraworks Limited	Fellow subsidiary	-	6,931
Bwin.party digital entertainment plc	Fellow subsidiary	-	(5,925)
Bwin.party marketing (UK) Limited	Fellow subsidiary	(91,269)	(6,623)
Dominion Entertainment	Fellow subsidiary	3,422,774	(4,599,850)
Bwin.party Entertainment NJ.LLC	Fellow subsidiary	-	(8,163)

Transactions between the Group companies have been eliminated on consolidation and not disclosed in this note.

27. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

As at the year end the ultimate holding company was Bwin.party Digital Entertainment plc. Subsequently GVC Holdings plc has acquired Bwin.party Digital Entertainment plc so is now the ultimate holding company.

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

28. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
PXP Solutions Limited	United Kingdom	100	IT consultancy services
PXP Solutions PTY Limited	Australia	100	IT consultancy services
PXP Solutions Inc.	USA	100	IT consultancy services
Servebase Limited	United Kingdom	100	Dormant
Kalixa Payments GmbH	Austria	100	IT consultancy services
Kalixa Accept Limited	United Kingdom	100	Payment service provider
Kalixa Pay Limited	United Kingdom	100	Card issuer
Kalixa Services GmbH	Austria	100	Payment gateway and technology service provider
Kalixa USA, Inc	USA	100	Provision of gateway services

29. POST BALANCE SHEET EVENTS

A member of the Group, Kalixa Accept Limited, currently holds one share in Visa Europe as part of its membership of Visa. In December 2015 Visa Europe confirmed the sale of 100% of their shares to Visa Inc with the sale anticipated to be completed within the third quarter of 2016. Kalixa Accept has therefore classified this share as being held for sale at 31 December 2015 at its fair value of £8m. The sale completed on 21 June 2016 and the upfront consideration of £5m for the sale of the shares was received with a further deferred cash consideration of £0.5m due in 3 years time.

On 29 January 2016 the entire issued share capital of Bwin.party Digital Entertainment Plc was acquired by GVC Holidings Limited. GVC Holdings PLC received a loan of €400m in order to complete this acquisition and as part of the granting on the loan, security was placed against certain Bwin.party Digital Entertainment Plc companies. Kalixa Payments Group Limited has been included within the security.

Kalixa Pay decided to close its prepaid card programme on 24th February 2016 due to increased competition in this space and further margin compression. It is anticipated that this should have a positive impact on EBITDA for the business.

30. FIRST TIME ADOPTION OF IFRS (CONSOLIDATED)

This is the first time that the group has adopted IFRS, having previously applied UK Accounting standards. The date of this transition to IFRS was 1 January 2014.

The following table summarises the effects on the group's equity and total comprehensive income of applying IFRS for the first time.

CONSOLIDATED

Reconciliation of equity at 31 March 2014	**£**
Shareholders' funds as reported previously in accordance with applicable UK accounting standards	(3,500,601)
Transaction adjustments	
Amortisation	-
Impairment losses	-
Shareholders' funds as reported in accordance with IFRS	**(3,500,601)**

Reconciliation of equity at 31 December 2014	**£**
Shareholders' funds as reported previously in accordance with applicable UK accounting standards	(4,685,166)
Transaction adjustments	
Amortisation	(355,688)
Impairment losses	355,688
Shareholders' funds as reported in accordance with IFRS	**(4,685,166)**

Reconciliation of total comprehensive income for the year ended 31 December 2014	**£**
Shareholders' funds as reported previously in accordance with applicable UK accounting standards	(4,685,166)
Transaction adjustments	
Amortisation	(355,688)
Impairment losses	355,688
Shareholders' funds as reported in accordance with IFRS	**(4,685,166)**

FIRST TIME ADOPTION OF FRS 101 "REDUCED DISCLOSURE FRAMEWORK" (COMPANY)

This is the first time that the company has adopted FRS 101 having previously applied applicable UK Accounting standards. The date of transition to FRS 101 was 1 January 2014.

Other than the adoption of the reduced disclosures there was no material effect of applying FRS 101 for the first time. The disclosure exemptions adopted are included in note 1 to the financial statements. The following table summarises the effects of the company's equity and accumulated loss of applying FRS101 for the first time.

COMPANY

Reconciliation of equity at 31 March 2014	**£**
Shareholders' funds as reported previously in accordance with applicable UK accounting standards	(391,786)
Transaction adjustments	
Effective interest on long term loans	(38,844)
Shareholders' funds as reported in accordance with FRS 101	**(430,630)**

Reconciliation of equity at 31 December 2014	**£**
Shareholders' funds as reported previously in accordance with applicable UK accounting standards	(651,008)
Transaction adjustments	
Effective interest on long term loans	(33,205)
Shareholders' funds as reported in accordance with FRS 101	**(684,213)**