

**REGISTERED NUMBER: 07805564 (England and Wales)**

**Strategic Report, Report of the Director and  
Financial Statements for the Year Ended 31 December 2017  
for  
Payco Financial Services Ltd**

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for the Year Ended 31 December 2017**

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**Payco Financial Services Ltd**  
**Company Information**  
**for the Year Ended 31 December 2017**

**DIRECTOR:** M S Carroll

**REGISTERED OFFICE:** Bardon House  
Borrowcop Lane  
Lichfield  
WS14 9DF

**REGISTERED NUMBER:** 07805564 (England and Wales)

**AUDITORS:** Dains LLP  
Statutory Auditors Chartered Accountants  
Birmingham

**Strategic Report  
for the Year Ended 31 December 2017**

The director presents his strategic report for the year ended 31 December 2017.

**REVIEW OF BUSINESS**

This principal activity of the Company is the provision of payment services to its merchants as an E Money licence institution. The year to 31st December 2017, was a year of transition as the company did not trade during the year. During the year, a loan of £79,379 due to the then parent company, Payment Company AG, was written off. The company had 1 employee throughout the period.

On 5th January 2018 the the company was acquired by Payco Holdings Limited through the purchase of 100% of its share capital. With the new ownership, the company will now look to sign up new clients for its services. There will continue to be 1 employee within the business so the capital requirements are limited to his/her costs of employment and minimal office costs. The business completed the changes in the license to comply with PSD2 requirements, the business also sourced a replacement technical platform, and continues to test the system ahead of the relaunch of the business. There is a pipeline of work and there is sufficient funding within the business to finance its operating costs.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company operates in a highly regulated sector which is currently experiencing significant change. GDPR, PSD2 and the 5th European Money Laundering Directive are all issues that will need to be managed and addressed as well as adding complexity to the industry. Looking ahead, the company is aware of these risks and taken steps to mitigate any risks and prepare the business to relaunch with a fully compliant and technically advanced platform.

The Director is confident that there are sufficient resources to support operations for the foreseeable future and therefore prepare accounts on a going concern basis.

Post year-end the business contracted with the first client and issued a sub-license. The business partnered with another UK company to provide enhanced operational systems and support.

**ON BEHALF OF THE BOARD::**

M S Carroll - Director

4 December 2018

**Report of the Director  
for the Year Ended 31 December 2017**

The director presents his report with the financial statements of the company for the year ended 31 December 2017.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of financial intermediation.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2017 (2016: £Nil).

**DIRECTORS**

M S Carroll was appointed as a director after 31 December 2017 but prior to the date of this report.

E Dollinger and T R Briggs ceased to be directors after 31 December 2017 but prior to the date of this report.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Report of the Director  
for the Year Ended 31 December 2017**

**AUDITORS**

After the year end Dains LLP were appointed auditors to fill the casual vacancy. Dains LLP have expressed their willingness to continue in office as auditor.

A resolution to re-appoint Dains LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD::**

M S Carroll - Director

4 December 2018

## **Report of the Independent Auditors to the Members of Payco Financial Services Ltd**

### **Opinion**

We have audited the financial statements of Payco Financial Services Ltd (the 'company') for the year ended 31 December 2017 which comprise the Statement of Income and Retained Earnings, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

## **Report of the Independent Auditors to the Members of Payco Financial Services Ltd**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **Other matters**

The prior years financial statements were not audited. However, specific audit procedures carried out as part of the current year audit have obtained sufficient and appropriate audit evidence regarding opening balances contained within these financial statements.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Mark Hargate FCA (Senior Statutory Auditor)  
for and on behalf of Dains LLP  
Statutory Auditors Chartered Accountants  
Birmingham

4 December 2018



**Statement of Income and Retained Earnings  
for the Year Ended 31 December 2017**

	Notes	2017 £	2016 £
<b>TURNOVER</b>	3	-	145,830
Cost of sales		<u>4,935</u>	<u>18,452</u>
<b>GROSS (LOSS)/PROFIT</b>		(4,935)	127,378
Administrative expenses		<u>10,948</u>	<u>74,068</u>
<b>OPERATING (LOSS)/PROFIT</b>	5	(15,883)	53,310
Interest payable and similar expenses	7	<u>5</u>	<u>-</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(15,888)	53,310
Tax on (loss)/profit	8	<u>-</u>	<u>-</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(15,888)	53,310
Retained earnings at beginning of year		(258,474)	(311,784)
<b>RETAINED EARNINGS AT END OF YEAR</b>		<u>(274,362)</u>	<u>(258,474)</u>

The notes form part of these financial statements

**Balance Sheet**  
**31 December 2017**

	Notes	2017 £	£	2016 £	£
<b>FIXED ASSETS</b>					
Tangible assets	9		-		22
<b>CURRENT ASSETS</b>					
Debtors	10	7,269		9,790	
Cash at bank		<u>215,533</u>		<u>313,380</u>	
		222,802		323,170	
<b>CREDITORS</b>					
Amounts falling due within one year	11	<u>6,559</u>		<u>91,061</u>	
<b>NET CURRENT ASSETS</b>			<u>216,243</u>		<u>232,109</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>216,243</u>		<u>232,131</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		490,605		490,605
Retained earnings	13		<u>(274,362)</u>		<u>(258,474)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>216,243</u>		<u>232,131</u>

The financial statements were approved by the director on 4 December 2018 and were signed by:

M S Carroll - Director

**Notes to the Financial Statements  
for the Year Ended 31 December 2017**

**1. STATUTORY INFORMATION**

Payco Financial Services Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The principal activity of the company is included in the Directors report.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The functional and presentational currency of Payco Financial Services Limited is considered to be pounds sterling. The financial statements are rounded to the nearest pound.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

**Significant judgements and estimates**

The directors make estimates and assumptions concerning the future and are also required to exercise judgement in applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

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 addressed below:

**- Depreciation, amortisation and residual value**

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded them appropriate. The actual lives of the asset are assessed periodically and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

**Turnover**

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

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.  
Computer equipment - 25% on cost

**Financial instruments**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2017**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**3. TURNOVER**

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

An analysis of turnover by geographical market is given below:

	2017 £	2016 £
Europe	-	145,830
	-	145,830

**4. EMPLOYEES AND DIRECTORS**

	2017 £	2016 £
Wages and salaries	75,000	75,000
Social security costs	6,244	6,242
Other pension costs	196	-
	<u>81,440</u>	<u>81,242</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2017

4. **EMPLOYEES AND DIRECTORS - continued**

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

	2017	2016
Management	<u>1</u>	<u>1</u>
Directors' remuneration	75,000	75,000
Directors' pension contributions to money purchase schemes	<u>196</u>	<u>-</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>-</u>
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5. **OPERATING (LOSS)/PROFIT**

The operating loss (2016 - operating profit) is stated after charging/(crediting):

	2017	2016
Other operating leases	-	7,319
Depreciation - owned assets	22	39
Foreign exchange differences	<u>(15,124)</u>	<u>(55,922)</u>

6. **AUDITORS' REMUNERATION**

	2017	2016
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	<u>4,000</u>	<u>-</u>

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2017	2016
Late payment interest	<u>5</u>	<u>-</u>

8. **TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose for the year ended 31 December 2017 nor for the year ended 31 December 2016.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2017

8. **TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
(Loss)/profit before tax	<u>(15,888)</u>	<u>53,310</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	(3,019)	10,662
Effects of:		
Expenses not deductible for tax purposes	24	-
Income not taxable for tax purposes	(15,082)	-
Utilisation of tax losses in the period	-	(10,662)
Deferred tax asset not recognised	<u>18,077</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>

The company has unused tax losses brought forward. The recoverability of the losses is dependent on the company's ability to generate future taxable profits sufficient to utilise the tax losses.

Due to the inherent uncertainty in forecasting the amount and the timing of future taxable profits the company has not recognised a deferred tax asset in respect of the tax losses.

The losses brought forward at 1 January 2017 were £258,436 and the losses carried forward at 31 December 2017 were £353,576. There is also an unrecognised deferred tax asset of £67,179 (2016: £49,103).

9. **TANGIBLE FIXED ASSETS**

	Computer equipment £
<b>COST</b>	
At 1 January 2017	
and 31 December 2017	<u>155</u>
<b>DEPRECIATION</b>	
At 1 January 2017	133
Charge for year	<u>22</u>
At 31 December 2017	<u>155</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	<u>-</u>
At 31 December 2016	<u>22</u>

10. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Other debtors	6,180	7,164
Prepayments	<u>1,089</u>	<u>2,626</u>
	<u>7,269</u>	<u>9,790</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2017

11. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£	£
Trade creditors	-	284
Amounts owed to group undertakings	-	79,379
Social security and other taxes	-	2,898
Other creditors	59	-
Accruals and deferred income	6,500	8,500
	<u>6,559</u>	<u>91,061</u>

12. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2017	2016
Number:	Class:	Nominal value:	£	£
570,000	Ordinary	€1	490,604	490,604
1	Ordinary	£1	1	1
			<u>490,605</u>	<u>490,605</u>

All shares have full rights with regards to voting, participation and dividends.

13. **RESERVES**

Retained earnings records retained earnings and accumulated losses.

14. **PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £196 (2016: £Nil). Contributions totalling £59 (2016: £Nil) were payable to the fund at the balance sheet date and are included in creditors.

15. **RELATED PARTY DISCLOSURES**

**Entities with control, joint control or significant influence over the entity**

	2017	2016
	£	£
Amount due to related party	<u>-</u>	<u>79,379</u>

During the year the parent company waived the intercompany balance of £79,379.

During the year remuneration of £81,440 (2016: £81,242) was paid to key management.

16. **ULTIMATE CONTROLLING PARTY**

At the balance sheet date, the company was controlled by Payment Company AG, a company registered in Switzerland.

Since the year end, the company is now controlled by Payco Holdings Limited, a company controlled by M Carroll.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.