

PAY LATER FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



PAY LATER FINANCIAL SERVICES LIMITED

COMPANY INFORMATION

Directors	J Dykes J S Jeffrey
Registered number	09020100
Registered office	4th Floor 33 Cannon Street London EC4M 5SB
Independent auditor	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditor 45 Gresham Street London EC2V 7BG

PAY LATER FINANCIAL SERVICES LIMITED

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PAY LATER FINANCIAL SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE
2021**

The directors present their report and the financial statements for the year ended 30 June 2021.

Directors

The directors who served during the year were:

J Dykes
J S Jeffrey
M Malik (resigned 31 January 2021)

Disclosure of information to auditor

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

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

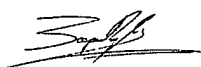
Auditor

The auditor, CLA Evelyn Partners Limited, were appointed and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

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



J Dykes
Director

Date: 31/10/2022

PAY LATER FINANCIAL SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAY LATER FINANCIAL SERVICES LIMITED

Opinion

We have audited the financial statements of Pay Later Financial Services Limited (the 'Company') for the year ended 30 June 2021 which comprise the Profit and Loss Account, The Statement of Comprehensive Income, the Balance Sheet and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 30 June 2021 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which identifies that, at 30 June 2021, the continuing ability of the Company to meet its financial obligations is dependent on its parent company, Pay Later Group Limited, continuing to be a going concern. However, Pay Later Group Limited has reported losses in its group accounts for the past 2 years and reports a net liabilities position as at 30 June 2021. Pay Later Group Limited's ability to support the Company is dependent on their ability to raise additional funds from the investors.

As stated in note 2.2, these conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Notwithstanding the above, in auditing the financial statements we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

PAY LATER FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAY LATER FINANCIAL SERVICES LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Directors' Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' Report and Financial Statements. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

PAY LATER FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAY LATER FINANCIAL SERVICES LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained a general understanding of the Company's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, we obtained an understanding of the Company's policies and procedures in relation to compliance with relevant laws and regulations and how management identify breachers of the applicable Financial Conduct Authority (FCA) rules. We also drew on our existing understanding of the Company's industry and regulation.

We understand that the Company complies with the framework through:

- The Directors managing and overseeing a compliance function;
- External compliance reviews and reporting;
- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change; and
- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Company's ability to conduct business, and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements; and
- The UK regulatory principles, including those governed by the Financial Conduct Authority (FCA).

To gain evidence about compliance with the significant laws and regulations identified above we reviewed the board meeting minutes, inspected correspondence with the FCA relating to the year and obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were the risk of manipulation of the financial statements through manual journal entries, incorrect recognition of revenue and bias in accounting estimates. These areas were communicated to the other members of the engagement team who were not present at the discussion.

PAY LATER FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAY LATER FINANCIAL SERVICES LIMITED (CONTINUED)

The procedures we carried out to gain evidence in the above areas included:

- Testing a sample of revenue transactions to underlying documentation;
- Testing of a sample of manual journal entries, selected through applying specific risk assessments based on the Company's processes and controls surrounding manual journal entries; and
- Assessing the appropriateness of the methodology and key assumptions applied in the determination of impairment of customer loan receivables and amounts owed by group undertakings.

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

Other matter

The financial statements of Pay Later Financial Services Limited for the year ended 30 June 2020 were unaudited.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Guy Swarbreck

Guy Swarbreck (Oct 31, 2022 15:16 GMT)

Guy Swarbreck (senior statutory auditor)

For and on behalf of

CLA Evelyn Partners Limited

Chartered Accountants

Statutory Auditor

45 Gresham Street

London

EC2V 7BG

Date: 31/10/2022

PAY LATER FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 30 JUNE 2021

	2021	2020 <i>Unaudited restated</i>
	£	£
Turnover	81,729	117,711
Cost of sales	(67,137)	(261,071)
Gross profit/(loss)	14,592	(143,360)
Administrative expenses	(12,346)	(626,358)
Other operating income	-	173,590
Operating profit/ (loss)	2,246	(596,128)
Interest payable and similar expenses	(28,190)	(84,045)
Loss before tax	(25,944)	(680,173)
Tax on loss	-	-
Loss for the financial year	(25,944)	(680,173)

PAY LATER FINANCIAL SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020 <i>Unaudited restated</i>
	£	£
Loss for the financial year	(25,944)	(680,173)
Other comprehensive income		
Total comprehensive income for the year	(25,944)	(680,173)

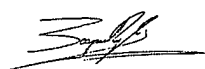
PAY LATER FINANCIAL SERVICES LIMITED
REGISTERED NUMBER:09020100

BALANCE SHEET
AS AT 30 JUNE 2021

	Note	2021 £	2020 Unaudited restated £
Current assets			
Debtors: amounts falling due within one year	5	6,521,212	6,018,823
Cash at bank and in hand		102,216	89,957
		<u>6,623,428</u>	<u>6,108,780</u>
Creditors: amounts falling due within one year	6	(7,421,115)	(6,880,524)
Net current liabilities		<u>(797,687)</u>	<u>(771,744)</u>
Net liabilities		<u>(797,687)</u>	<u>(771,744)</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		(797,688)	(771,745)
Shareholders' deficit		<u>(797,687)</u>	<u>(771,744)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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



J Dykes
Director

Date: 31/10/2022

The notes on pages 10 to 14 form part of these financial statements.

PAY LATER FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. General information

Pay Later Financial Services Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 09020100). The registered office address is 4th Floor, 33 Cannon Street, London, EC4M 5SB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The directors acknowledge that the continuing ability of the Company to meet its financial obligations and continue as a going concern is dependent on the support of its parent company, Pay Later Group Limited.

Pay Later Group Limited have confirmed that they will continue to provide financial support to the Company for at least 12 months from the date these financial statements are authorised. However, Pay Later Group Limited has reported in its group accounts for the year ended 30 June 2021 a consolidated loss and consolidated net liabilities. In the group accounts, the directors of Pay Later Group Limited have disclosed that there is a material uncertainty regarding the group's ability to continue as a going concern. This, therefore, gives rise to a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

The directors of the Company have satisfied themselves that Pay Later Group Limited has a business plan and forecast in place that demonstrates that it can continue to meet its liabilities and commitments as they fall due on the basis of further investment being received from current or prospective shareholders. Whilst the directors of Pay Later Group Limited believe the Group will be able to raise further investment, they have no guarantees or binding commitments to this effect.

Based on the group business plan discussed above and the confirmation of financial support received by the Company from Pay Later Group Limited, the directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern.

PAY LATER FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Turnover

Turnover represents amounts earned in respect of service fees from group companies. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the entity and the amount can be reliably measured.

Finance Income and finance expense

Finance Income and expense for all interest-bearing financial instruments are recognised within 'finance income' and 'finance expense' in the Statement of profit and loss using the EIR method. The EIR method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the finance income or finance expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the EIR, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract, transaction costs and all other premium or discount that are an integral part of the EIR calculation.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

PAY LATER FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.6 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.7 Dividends

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

PAY LATER FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The judgements, estimates and assumptions are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made. The estimates and assumptions that had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Company are outlined below.

Impairment of amounts due from group companies

The Company makes an estimate of the amounts due from group companies. The Company has a net liability exposure to group companies. Because all members of the group are under common control and share the same board members it is the Directors' judgement that the debtors due from group companies could be settled by offsetting against liabilities due to group companies, if necessary. Accordingly in the Directors' judgement debtors due from group companies are considered recoverable.

4. Employees

The average monthly number of employees, including directors, during the year was 0 (2020 - 0).

5. Debtors

	2021 £	2020 Unaudited restated £
Amounts owed by group undertakings	6,489,434	6,017,130
Other debtors	31,778	1,693
	<u>6,521,212</u>	<u>6,018,823</u>

Amounts due from group undertakings were issued without terms and are due within one year.

The prior year restatement relates to intercompany charges for operating expenses which had been overstated. The effect of the prior year restatement on net assets was an increase of £149,225. The impact on the Income Statement decreased costs by £149,225 in 2020.

PAY LATER FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

6. Creditors: Amounts falling due within one year

	2021 £	2020 Unaudited restated
Trade creditors	217,414	-
Amounts owed to group undertakings	6,649,063	6,331,043
Other creditors	549,742	533,543
Accruals and deferred income	4,896	15,938
	<u>7,421,115</u>	<u>6,880,524</u>

Amounts due to group undertakings were issued without terms and are due within one year.

7. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

8. Controlling party

The immediate parent undertaking is Pay Later Group Limited, a company registered in England and Wales.

The smallest and largest group of undertakings for which group accounts for the year ended 30 June 2021 have been drawn up, is that headed by Pay Later Group Limited. The registered office address of Pay Later Group Limited is 4th Floor, 33 Cannon Street, London, EC4M 5SB.

In the opinion of the directors there is no ultimate controlling party.