

# Financial Statements

## Cash Management Solutions Limited

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**For the Year Ended 31 December 2016**

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COMPANIES HOUSE

**Registered number: 09069081**

**Cash Management Solutions Limited**

## Company Information

<b>Directors</b>	R Dell'Aquila D Hawks III M LaConti
<b>Company secretary</b>	G R J Davies
<b>Registered number</b>	09069081
<b>Registered office</b>	Leeway House Leeway Industrial Estate Newport Gwent NP19 4SL
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 11/13 Penhill Road Cardiff South Glamorgan CF11 9UP

## **Cash Management Solutions Limited**

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# Group Strategic Report

For the Year Ended 31 December 2016

## Introduction

The directors present their strategic report for the year ended 31 December 2016.

## Business review

The consolidated operating profit of the Group, after adding back goodwill amortisation, for the period to the 31 December 2016 was £1.754M on sales of £11.770M. Despite tougher trading conditions, particularly in North America, Group sales were only down £0.28M on 2015.

The Group operates within the cash handling industry, providing cash handling solutions to retailers and banks. The industry is large and incorporates many technologies, of which electronic cash counting has always been a niche product. An alternative to cash for the Group's customers is electronic payments, in particular contactless payments. It is our belief that cash will remain the dominant form of payment for some time, and further, that electronic cash counting will remain an important part of many retailers' cash processes here in the UK and further afield.

The Group continues to invest in the development of its intelligent cash drawer, T-ice. The project has made significant progress during 2016 with US and European variants of the product in advanced stages of development.

## Principal risks and uncertainties

Competitive pressure in the markets in which the Group operates and the general economic environment are a continuing risk to the Group. The Group manages this risk by maintaining strong relationships with keys customers, providing high levels of service, and where applicable a customised solution.

The Group's sales are global and as such the Group has exposure to the risk of foreign exchange movements. The main currencies the Group has exposure to are the US Dollar, Euro and Japanese Yen. Option dated forward exchange contracts are used to reduce and manage risk.

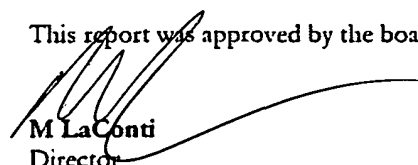
Some of the Group companies are based in Europe and there could potentially be an impact in the future from the UK's decision to leave the European Union as announced in the 2016 Referendum. Any impact is difficult to quantify until the conditions around the departure are known with more certainty.

## Financial key performance indicators

The Group has minimum targets within its credit agreement regarding interest cover, leverage and cash flow. As a result, the Group targets EBITDA and cash flow at levels that are in excess of these minimum targets.

The Group's administrative expenses are relatively fixed and its cash flows are generally liquid; the financial performance of the Group is therefore highly dependent on sales. The Group targets sales stability and growth over the medium term to improve financial performance.

This report was approved by the board on **JUNE 27, 2017** and signed on its behalf.



M LaConti  
Director

## Directors' Report

For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

### Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Results and dividends

The loss for the year, after taxation, amounted to £93,411 (2015 - profit £557,308).

No dividends were declared or paid during the year.

### Directors

The directors who served during the year were:

R Dell'Aquila  
D Hawks III  
M LaConti

### Future developments

The Group continues to invest in its product range and in particular the development of the T-ice intelligent cash drawer which is expected to drive additional future sales growth.

Market conditions are expected to remain challenging but the Directors remain confident about the future prospects for the Group, as its trading companies are well established and continue to focus on customer development, increasing market share and developing new products.

## Directors' Report

For the Year Ended 31 December 2016

### Financial instruments

Financial instruments are all categorised as basic financial instruments under section 11 of FRS 102. The company has exposure to foreign exchange risk through the sale and purchase of products denominated in foreign currency. Option dated forward exchange contracts are used to reduce and manage risk. There were contracts open at the start and end of the year and these have been recognised on the Group balance sheet in accordance with FRS 102.

### Research and development activities

The majority of Research and Development activity is on the T-ice intelligent cash drawer. The project team has been working with new pilot customers in Europe and the project has moved forward considerably during the year. Research and Development activity on T-ice will continue into 2017.

### 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 that director is aware, there is no relevant audit information of which the Company and the Group's auditor is 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 and the Group's auditor is aware of that information.

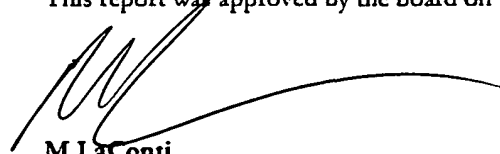
### Post balance sheet events

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

### Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on JUNE 27, 2017 and signed on its behalf.



**M LaConti**  
Director



## Independent Auditor's Report to the Members of Cash Management Solutions Limited

We have audited the financial statements of Cash Management Solutions Limited for the year ended 31 December 2016, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the 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'.

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

### **Respective responsibilities of Directors and Auditor**

As explained more fully in the Directors' responsibilities statement on, 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://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 2016 and of the Group's 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.



## Independent Auditor's Report to the Members of Cash Management Solutions Limited (continued)

### **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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

### **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 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.

Rhian Owen (Senior statutory auditor)  
for and on behalf of

**Grant Thornton UK LLP**

Chartered Accountants

Statutory Auditor

Cardiff

Date:

27 June 2017



## Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	11,770,298	12,050,113
Cost of sales		(3,624,389)	(3,808,054)
<b>Gross profit</b>		<b>8,145,909</b>	<b>8,242,059</b>
Distribution costs		(598,343)	(510,636)
Administrative expenses		(5,846,746)	(5,810,023)
Goodwill amortisation		(1,112,105)	(778,474)
Other operating income	5	52,818	-
<b>Operating profit</b>	6	<b>641,533</b>	<b>1,142,926</b>
Interest receivable and similar income	9	45	2
Interest payable and expenses	10	(230,174)	(265,575)
<b>Profit before taxation</b>		<b>411,404</b>	<b>877,353</b>
Tax on profit	11	(504,815)	(320,045)
<b>(Loss)/profit for the year</b>		<b>(93,411)</b>	<b>557,308</b>
<b>Other comprehensive income</b>			
Foreign exchange adjustments		54,106	52,800
<b>Other comprehensive (loss)/income for the year</b>		<b>54,106</b>	<b>52,800</b>
<b>Total comprehensive income for the year</b>		<b>(39,305)</b>	<b>610,108</b>
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the parent Company		(93,411)	557,308
		<b>(93,411)</b>	<b>557,308</b>

There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated statement of comprehensive income.

The notes on pages 11 to 33 form part of these financial statements.

## Consolidated Balance Sheet

As at 31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	14	7,364,704	7,958,130
Tangible assets	15	159,101	122,208
		<u>7,523,805</u>	<u>8,080,338</u>
<b>Current assets</b>			
Stocks	17	753,911	435,854
Debtors: amounts falling due within one year	18	1,635,040	2,473,302
Cash at bank and in hand	19	2,041,144	2,259,881
		<u>4,430,095</u>	<u>5,169,037</u>
Creditors: amounts falling due within one year	20	(2,752,685)	(3,303,096)
<b>Net current assets</b>		<u>1,677,410</u>	<u>1,865,941</u>
<b>Total assets less current liabilities</b>		<u>9,201,215</u>	<u>9,946,279</u>
Creditors: amounts falling due after more than one year	21	(2,727,408)	(3,542,407)
<b>Provisions for liabilities</b>			
Deferred taxation	24	(176,558)	(67,318)
Other provisions	25	(200,000)	(200,000)
		<u>(376,558)</u>	<u>(267,318)</u>
<b>Net assets</b>		<u><u>6,097,249</u></u>	<u><u>6,136,554</u></u>
<b>Capital and reserves</b>			
Called up share capital	26	5,200,000	5,200,000
Foreign exchange reserve	27	222,759	168,653
Profit and loss account	27	674,490	767,901
<b>Equity attributable to owners of the parent Company</b>		<u><u>6,097,249</u></u>	<u><u>6,136,554</u></u>

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

  
M LaConti  
Director

27/6/17

The notes on pages 11 to 33 form part of these financial statements.

## Company Balance Sheet

As at 31 December 2016

	Note	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Investments	16		11,812,043		11,812,043
			<u>11,812,043</u>		<u>11,812,043</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	18	211,300		68,003	
		<u>211,300</u>		<u>68,003</u>	
Creditors: amounts falling due within one year	20	(856,583)		(3,585,867)	
		<u>(856,583)</u>		<u>(3,585,867)</u>	
<b>Net current liabilities</b>			<u>(645,283)</u>		<u>(3,517,864)</u>
<b>Total assets less current liabilities</b>			<u>11,166,760</u>		<u>8,294,179</u>
Creditors: amounts falling due after more than one year	21		(2,727,408)		(3,542,407)
			<u>(2,727,408)</u>		<u>(3,542,407)</u>
<b>Net assets</b>			<u>8,439,352</u>		<u>4,751,772</u>
<b>Capital and reserves</b>					
Called up share capital	26		5,200,000		5,200,000
Profit and loss account brought forward		(448,228)		(162,841)	
Profit/(loss) for the year		<u>3,687,580</u>		<u>(285,387)</u>	
Profit and loss account carried forward			<u>3,239,352</u>		<u>(448,228)</u>
			<u>8,439,352</u>		<u>4,751,772</u>

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

27/6/17

M LaConti  
Director

## Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2016

	Called up share capital £	Foreign exchange reserve £	Profit and loss account £	Total equity £
At 1 January 2015	5,200,000	115,853	210,593	5,526,446
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	557,308	557,308
Foreign exchange movement	-	52,800	-	52,800
At 1 January 2016	5,200,000	168,653	767,901	6,136,554
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(93,411)	(93,411)
Foreign exchange movement	-	54,106	-	54,106
At 31 December 2016	5,200,000	222,759	674,490	6,097,249

## Company Statement of Changes in Equity

For the Year Ended 31 December 2016

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2015	5,200,000	(162,841)	5,037,159
Loss for the year	-	(285,387)	(285,387)
At 1 January 2016	5,200,000	(448,228)	4,751,772
Profit for the year	-	3,687,580	3,687,580
At 31 December 2016	5,200,000	3,239,352	8,439,352

## Consolidated Statement of Cash Flows

For the Year Ended 31 December 2016

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	(93,411)	557,308
<b>Adjustments for:</b>		
Amortisation of intangible assets	1,114,554	839,193
Depreciation of tangible assets	79,594	75,845
Interest paid	230,174	265,573
Interest received	(45)	-
Taxation charge	504,815	320,045
(Increase)/decrease in stocks	(318,057)	7,459
Decrease/(increase) in debtors	838,261	(355,421)
(Decrease)/increase in creditors	(425,046)	240,555
Foreign exchange	54,106	52,800
Corporation tax (paid)/received	(520,939)	17,538
<b>Net cash generated from operating activities</b>	<b>1,464,006</b>	<b>2,020,895</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(521,128)	(182,846)
Purchase of tangible fixed assets	(116,486)	(78,280)
Interest received	45	-
<b>Net cash from investing activities</b>	<b>(637,569)</b>	<b>(261,126)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(815,000)	(1,315,481)
Interest paid	(230,174)	(265,573)
<b>Net cash used in financing activities</b>	<b>(1,045,174)</b>	<b>(1,581,054)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(218,737)</b>	<b>178,715</b>
Cash and cash equivalents at beginning of year	2,259,881	2,081,166
<b>Cash and cash equivalents at the end of year</b>	<b>2,041,144</b>	<b>2,259,881</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,041,144	2,259,881
	<b>2,041,144</b>	<b>2,259,881</b>

The notes on pages 11 to 33 form part of these financial statements.

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 1. General Information

Cash Management Solutions Limited is a private company limited by shares incorporated in England and Wales, with its registered office at: Leeway House, Leeway Industrial Estate, Newport, Gwent, NP19 4SL.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue comprises sales of electronic business equipment, software and systems together with Tellermate cover on these sales. Revenue is recognised in the profit and loss account at the point of despatch at invoiced amount for the sale of equipment and where the Tellectover is charged separately, over the period of the cover.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.4 Intangible assets

##### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life.

##### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Goodwill is amortised over 8 years.

#### 2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Plant and machinery	-	4 - 5 years
Fixtures, fittings and equipment	-	3 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated statement of comprehensive income.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.6 Research and development costs

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Profit and loss account.

#### 2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.9 Debtors

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

#### 2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.



## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

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

#### 2.12 Creditors

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

#### 2.13 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.14 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 the Profit and loss account 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 the Profit and loss account within 'other operating income'.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

#### 2.15 Finance costs

Finance costs are charged to the Profit and loss account 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.

#### 2.16 Operating leases: Lessee

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

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.17 Pensions

##### Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

#### 2.18 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

#### 2.19 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2. Accounting policies (continued)

#### 2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 2.21 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

# Notes to the Financial Statements

For the Year Ended 31 December 2016

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

Many of the amounts included in the financial statements involve the use of judgement and / or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and / or the notes to the financial statements and the key areas are summarised below:

### Depreciation

The company exercises judgement to determine useful lives and residual values of tangible fixed assets. The assets are depreciated down to their residual values over their estimated useful lives.

### Amortisation

The company exercises judgement to determine useful lives of intangible fixed assets. The assets are amortised over their estimated useful lives.

### Provisions

Provisions have been made for trade debtors and for slow moving and obsolete stock. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

## 4. Analysis of turnover

	2016 £	2015 £
United Kingdom	1,363,525	1,502,884
Rest of the World	10,406,773	10,547,229
	<u>11,770,298</u>	<u>12,050,113</u>

## 5. Other operating income

	2016 £	2015 £
R & D Expenditure Credit	50,000	-
Government grants receivable	2,818	-
	<u>52,818</u>	<u>-</u>

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 6. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Research & development charged as an expense	32,449	35,737
Depreciation of tangible fixed assets	79,594	75,845
Amortisation of intangible assets, including goodwill	1,114,554	839,193
Fees payable to the Group's auditor and its associates for the audit of the company's annual accounts	29,900	27,485
Fees payable to the Group's auditors for non-audit services	27,655	6,475
Exchange differences	72,590	62,190
Defined contribution pension cost	108,154	110,009
	<u>1,565,302</u>	<u>1,157,029</u>

During the year, no director received any emoluments (2015 - £NIL).

### 7. Employees

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

	2016 £	2015 £
Wages and salaries	3,133,108	3,239,860
Social security costs	326,209	330,603
Cost of defined contribution scheme	108,154	110,009
	<u>3,567,471</u>	<u>3,680,472</u>

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

	2016 No.	2015 No.
Production	16	16
Selling and distribution	16	20
Administrative	30	30
Research and development	13	13
Marketing	6	7
	<u>81</u>	<u>86</u>

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 8. Directors' remuneration

During the year retirement benefits were accruing to no directors (2015 - NIL) in respect of defined contribution pension schemes.

No directors are remunerated through this company. Directors of the subsidiary companies are remunerated through the subsidiary companies and the amounts are disclosed in the relevant financial statements.

### 9. Interest receivable

	2016 £	2015 £
Other interest receivable	45	2
	<u>45</u>	<u>2</u>

### 10. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	230,174	265,575
	<u>230,174</u>	<u>265,575</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 11. Taxation

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	245,000	365,000
Adjustments in respect of previous periods	81,953	-
	<u>326,953</u>	<u>365,000</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	68,622	(20,955)
	<u>68,622</u>	<u>(20,955)</u>
<b>Total current tax</b>	<u>395,575</u>	<u>344,045</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	109,240	(24,000)
<b>Total deferred tax</b>	<u>109,240</u>	<u>(24,000)</u>
<b>Taxation on profit on ordinary activities</b>	<u>504,815</u>	<u>320,045</u>



# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 11. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>411,404</u>	<u>877,353</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	82,280	177,664
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	19,480	2,229
R&D claim	(4,778)	(69,474)
Adjustments to tax charge in respect of prior periods	119,546	1,500
Overseas tax differences	82,986	50,391
Consolidation adjustment	217,945	165,051
Rate differences	(12,644)	(7,316)
<b>Total tax charge for the year</b>	<u>504,815</u>	<u>320,045</u>

### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

**12. Goodwill amortisation**

	2016 £	2015 £
Goodwill amortisation	1,112,105	778,474
	<u>1,112,105</u>	<u>778,474</u>

Goodwill is amortised over 8 years.

**13. Parent Company Profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £3,687,580 (2015 - loss £285,387).

**14. Intangible assets****Group**

	Developm't £	Software £	Goodwill £	Total £
<b>Cost</b>				
At 1 January 2016	1,167,906	-	8,894,771	10,062,677
Additions	519,300	1,828	-	521,128
<b>At 31 December 2016</b>	<u>1,687,206</u>	<u>1,828</u>	<u>8,894,771</u>	<u>10,583,805</u>
<b>Amortisation</b>				
At 1 January 2016	436,389	-	1,668,158	2,104,547
Charge for the year	2,081	368	1,112,105	1,114,554
<b>At 31 December 2016</b>	<u>438,470</u>	<u>368</u>	<u>2,780,263</u>	<u>3,219,101</u>
<b>Net book value</b>				
<b>At 31 December 2016</b>	<u>1,248,736</u>	<u>1,460</u>	<u>6,114,508</u>	<u>7,364,704</u>
At 31 December 2015	<u>731,517</u>	<u>-</u>	<u>7,226,613</u>	<u>7,958,130</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 15. Tangible fixed assets

### Group

	F&F and P&M £
<b>Cost or valuation</b>	
At 1 January 2016	571,502
Additions	116,486
Disposals	(117,413)
<b>At 31 December 2016</b>	<u>570,575</u>
<b>Depreciation</b>	
At 1 January 2016	449,293
Charge owned for the period	79,594
Disposals	(117,413)
<b>At 31 December 2016</b>	<u>411,474</u>
<b>At 31 December 2016</b>	<u>159,101</u>
At 31 December 2015	<u>122,208</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 16. Fixed asset investments

### Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Tellermate Holdings Limited	Ordinary	100 %	Holding company

### Indirect Subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Tellermate Limited	Ordinary	100 %	Manufacturing and distribution
Tellermate Europe SARL	Ordinary	100 %	Distribution
Tellermate Japan & Co. Limited	Ordinary	100 %	Distribution
Tellermate Gmbh	Ordinary	100 %	Distribution
Tellermate Iberica SL	Ordinary	100 %	Distribution
Tellermate Inc	Ordinary	100 %	Distribution

Name	Country of incorporation
Tellermate Holdings Limited	England and Wales
Tellermate Limited	England and Wales
Tellermate Europe SARL	France
Tellermate Japan & Co. Limited	Japan
Tellermate Gmbh	Germany
Tellermate Iberica SL	Spain
Tellermate Inc	United States

**Cash Management Solutions Limited**

**Notes to the Financial Statements**

**For the Year Ended 31 December 2016**

**16. Fixed asset investments (continued)**

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2016	<u>11,812,043</u>
At 31 December 2016	<u>11,812,043</u>
<b>Net book value</b>	
At 31 December 2016	<u>11,812,043</u>
At 31 December 2015	<u>11,812,043</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 17. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials and consumables	329,135	164,916	-	-
Finished goods and goods for resale	424,776	270,938	-	-
	<u>753,911</u>	<u>435,854</u>	<u>-</u>	<u>-</u>

## 18. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	1,309,669	2,108,399	-	-
Amounts owed by group undertakings	-	-	185,813	39,750
Other debtors	94,644	70,520	-	-
Prepayments and accrued income	230,727	294,383	25,487	28,253
	<u>1,635,040</u>	<u>2,473,302</u>	<u>211,300</u>	<u>68,003</u>

Included within debtors is a gain of £23,273 (2015: £Nil) on open forward contracts at year end.

## 19. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	2,041,144	2,259,881	-	-
	<u>2,041,144</u>	<u>2,259,881</u>	<u>-</u>	<u>-</u>

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 20. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	813,900	813,901	813,900	813,901
Trade creditors	592,945	1,089,168	-	8,339
Amounts owed to group undertakings	-	-	-	2,728,492
Corporation tax	164,469	289,834	-	-
Taxation and social security	94,478	62,201	-	-
Other creditors	94,788	267,862	-	-
Accruals and deferred income	992,105	780,130	42,683	35,135
	<u>2,752,685</u>	<u>3,303,096</u>	<u>856,583</u>	<u>3,585,867</u>

Debenture held by HSBC Bank Plc including fixed charge over all present freehold and leasehold land; first fixed charge over books and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertakings both present and future dated 10 July 2014.

Included within creditors is a loss of £Nil (2015: £34,688) on open forward contracts at year end.

### 21. Creditors: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	2,727,408	3,542,407	2,727,408	3,542,407
	<u>2,727,408</u>	<u>3,542,407</u>	<u>2,727,408</u>	<u>3,542,407</u>

Debenture held by HSBC Bank Plc including fixed charge over all present freehold and leasehold land; first fixed charge over books and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertakings both present and future dated 10 July 2014.

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 22. Loans

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
<b>Amounts falling due within one year</b>				
Bank loans	813,900	813,901	813,900	813,901
	<u>813,900</u>	<u>813,901</u>	<u>813,900</u>	<u>813,901</u>
<b>Amounts falling due 1-2 years</b>				
Bank loans	2,727,408	813,901	2,727,408	813,901
	<u>2,727,408</u>	<u>813,901</u>	<u>2,727,408</u>	<u>813,901</u>
<b>Amounts falling due 2-5 years</b>				
Bank loans	-	2,728,506	-	2,728,506
	<u>-</u>	<u>2,728,506</u>	<u>-</u>	<u>2,728,506</u>
	<u>3,541,308</u>	<u>4,356,308</u>	<u>3,541,308</u>	<u>4,356,308</u>



## Notes to the Financial Statements

For the Year Ended 31 December 2016

**23. Financial instruments**

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	2,064,417	2,259,881	-	-
Financial assets that are debt instruments measured at amortised cost	1,404,313	2,178,919	185,813	39,750
	<u>3,468,730</u>	<u>4,438,800</u>	<u>185,813</u>	<u>39,750</u>
<b>Financial liabilities</b>				
Other financial liabilities measured at fair value through profit or loss	-	(34,688)	-	-
Financial liabilities measured at amortised cost	(5,221,146)	(6,458,779)	(3,583,991)	(7,128,275)
	<u>(5,221,146)</u>	<u>(6,493,467)</u>	<u>(3,583,991)</u>	<u>(7,128,275)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand and open forward contracts at year end.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Other financial liabilities measured at fair value through profit and loss comprise open forward contracts at year end.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors and accruals.

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 24. Deferred taxation

### Group

	2016 £
At beginning of year	(67,318)
Charged to profit or loss	(109,240)
<b>At end of year</b>	<b>(176,558)</b>

The provision for deferred taxation is made up as follows:

	Group 2016 £
Accelerated capital allowances	(179,581)
Other differences	3,023
	<b>(176,558)</b>

## 25. Provisions

### Group

	Provisions £
At 1 January 2016	200,000
<b>At 31 December 2016</b>	<b>200,000</b>

The provision relates to the group's leasehold property in Newport. It is based on the estimated liability for future obligations regarding dilapidations under the tenant lease.

The Company has no provisions.

## 26. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
5,200,000 Ordinary shares of £1 each	5,200,000	5,200,000

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 27. Reserves

#### Foreign exchange reserve

Foreign exchange reserve includes all current and prior period movements on foreign exchange.

#### Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

### 28. Capital commitments

At 31 December 2016, the group had capital commitments of £73,000 (2015: £Nil).

### 29. Pension commitments

The group operates a defined contribution pension scheme. As at year end contributions payable within creditors amount to £9,785 (2015: £8,441)

### 30. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £
Not later than 1 year	205,253	186,482
Later than 1 year and not later than 5 years	419,388	548,963
	<u>624,641</u>	<u>735,445</u>

### 31. Related party transactions

Under FRS 102, the group and company are not required to disclose transactions with other wholly owned entities within the group headed by Cash Management Solutions Limited.

The directors of Cash Management Solutions Limited are also directors of Brookside Equity Partners LLC, an entity incorporated in the United States. A management fee is payable to Brookside Equity Partners LLC for director services. The amount accrued in the current year was £134,205 (2015: £152,722).

**Cash Management Solutions Limited**

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2016**

**32. Controlling party**

The immediate holding company of Cash Management Solutions Limited is Cash Management Solutions LLC, a company registered in the United States. The ultimate holding company is BEP III LLC, a company also registered in the United States. Cash Management Solutions Limited heads the smallest and largest group for which results are consolidated.