

Company Registration No. 05674773

Tuxedo Money Solutions Limited

Consolidated Financial Statements

31 March 2010

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Tuxedo Money Solutions Limited

Report and financial statements 2010

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Tuxedo Money Solutions Limited

Report and financial statements 2010

Officers and professional advisers

Directors

Alireza Sarikhani
Peter Van Dijk
David Dey
Gary Palmer
Niels Nielsen
Patrick Lems
Marcus Raithatha
John Sharman
Mark Holloway

Secretary

Marcus Raithatha

Registered Office

Lakewood
Chester Business Park
Chester
CH4 9HF

Bankers

Barclays Bank PLC

Solicitors

SJ Berwin LLP
Salans

Auditors

Deloitte LLP
Chartered Accountants
London

Tuxedo Money Solutions Limited

Directors' report

The directors present their annual report on the affairs of Tuxedo Money Solutions Limited ('the Group'), together with the financial statements and independent auditors' report, for the year ended 31 March 2010. The comparative information stated in the financial statements covers the year to 31 March 2009.

The directors' report has been prepared in accordance with the provisions applied to companies entitled to the small companies exemption.

Principal activities

The principal activity of the Group is a pre-paid solutions provider.

The Group market focus is the provision of network-branded prepaid payment cards and related offerings to customers in Europe, especially those who are under-served by existing banks and credit and debit card providers.

The Group out sources many of its operations and works with partners to deliver co-branded and business to business programmes. It focuses on marketing and customer service delivery, investing significant funds in its proprietary technology platform.

Results and dividends

The Group made a loss on ordinary activities before tax of £2,628,988 for the year ended 31 March 2010 (2009: £5,138,323), all of which will be transferred to reserves. The Group does not propose to pay any dividend for the year ended 31 March 2010 (2009: Nil).

Going concern

The directors have formed a judgement, at the time of approving the financial statements, that there is reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In making this assessment the directors have considered the uncertainties highlighted in note 2 to the financial statements.

Directors

The directors, who served throughout the year except as noted, were as follows:

Alireza Sarikhan

Peter Van Dijk

Gary Palmer

David Dey

Mark Holloway

Marcus Raithatha

Niels Nielsen

Mr Arjan Hoop (resigned on 1 May 2009)

Mr Patrick Lems (appointed on 1 May 2009)

Mr John Sharman (appointed on 1 June 2009)

Tuxedo Money Solutions Limited

Directors' report (continued)

Directors' indemnities

Pursuant to the Articles of Association and subject to the provisions of the Companies Act, the directors and officers of the Company shall be indemnified by the Company, against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or the exercise of his powers or otherwise in relation thereto

In addition the Company has purchased and maintains directors' and officers' insurance cover against certain legal liabilities and costs for claims incurred in respect of any act or omission in the execution of their duties

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

- a so far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- b the director has taken all steps that he ought to have taken as director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte LLP shall be deemed to be reappointed as auditors for a further term under the provisions of s418 of the Companies Act 2006

By order of the Board



Marcus Raithatha

Registered Office
Lakewood
Chester Business Park
Chester
CH4 9HF

18 March 2011

Tuxedo Money Solutions Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



Marcus Raithatha
18 March 2011

Independent auditor's report to the members of Tuxedo Money Solutions Limited

We have audited the financial statements of Tuxedo Money Solutions Limited for the year ended 31 March 2010, which comprise the Consolidated profit and loss account, the Consolidated and Parent Company balance sheets, the Consolidated cash flow statement, the statement of accounting policies and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditors' 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2010 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditor's report to the members of Tuxedo Money Solutions Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

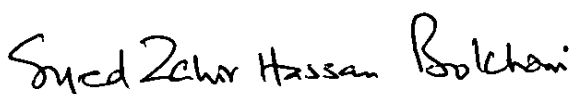
Matters on which we are required to report by exception

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

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

Emphasis of matter-going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Group's ability to continue as a going concern. The Group incurred a net loss of £2,628,988 during the year ended 31 March 2010. This condition, along with other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.



Syed Bokhari (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

18th March 2011

Tuxedo Money Solutions Limited

Consolidated profit and loss account For the year ended 31 March 2010

	Notes	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Turnover	3	5,327,934	2,789,631
Cost of Sales		(3,786,313)	(2,371,547)
Operating profit	4	1,541,621	418,084
Other operating expenses		4,158,453	5,580,832
Operating loss		(2,616,832)	(5,162,748)
Interest receivable	8	177	38,424
Interest payable		(12,333)	(13,999)
Loss on ordinary activities before taxation		(2,628,988)	(5,138,323)
Tax	9	-	-
Loss for the financial year	20	<u>(2,628,988)</u>	<u>(5,138,323)</u>

All transactions in the current year are derived from continuing operations

There are no recognised gains or losses in either the current year or previous period other than the profit for each year, as stated above. Therefore, no statement of total recognised income and expense is required.


Tuxedo Money Solutions Limited

Consolidated balance sheet 31 March 2010

	Notes	31 March 2010 £	31 March 2009 £
Fixed assets			
Tangible fixed assets	11	342,189	648,222
Current assets			
Stock	13	33,609	106,964
Debtors			
– due within one year	14	1,010,935	1,214,724
– due after one year	14	600,000	1,056,250
Cash at bank and in hand	15	513,598	1,301,975
		<u>2,158,142</u>	<u>3,679,913</u>
Creditors: Amounts falling due within one year	17	<u>(1,442,710)</u>	<u>(785,276)</u>
Net current assets		<u>715,432</u>	<u>2,894,637</u>
Total assets less current liabilities		<u>1,057,621</u>	<u>3,542,859</u>
Creditors: Amounts falling due after one year	18	<u>500,000</u>	<u>-</u>
Net assets		<u><u>557,621</u></u>	<u><u>3,542,859</u></u>
Capital and reserves			
Share capital	19	16,276,250	16,682,500
Share premium account	20	1,470,000	1,420,000
Profit and loss account		<u>(17,188,629)</u>	<u>(14,559,641)</u>
Total capital employed	20	<u><u>557,621</u></u>	<u><u>3,542,859</u></u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Directors and authorised for issue on 18 March 2011. They were signed on its behalf by:


 Marcus Raithatha
 Director, 18 March 2011

Tuxedo Money Solutions Limited

Company balance sheet 31 March 2010

	Notes	31 March 2010 £	31 March 2009 £
Fixed assets			
Tangible assets	11	342,189	648,222
Investment in subsidiaries	12	4	4
		<u>342,193</u>	<u>648,226</u>
Current assets			
Debtors			
– due within one year	14	87,694	655,805
– due after one year	14	610,360	17,113,808
Cash at bank and in hand	15	95,396	763,009
		<u>793,450</u>	<u>18,532,621</u>
Creditors: Amounts falling due within one year	17	<u>(391,067)</u>	<u>(464,038)</u>
Net current assets		<u>402,383</u>	<u>18,068,583</u>
Total assets less current liabilities		<u>744,576</u>	<u>18,716,810</u>
Creditors: Amounts falling due after one year	18	<u>(500,000)</u>	<u>-</u>
Net assets		<u>244,576</u>	<u>18,716,810</u>
Capital and reserves			
Share capital	19	16,276,250	16,682,500
Share premium account	20	1,470,000	1,420,000
Profit and loss account		<u>(17,501,674)</u>	<u>614,310</u>
Shareholders' funds	20	<u>244,576</u>	<u>18,716,810</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Directors and authorised for issue on 18 March 2011. They were signed on its behalf by



Marcus Raithatha
Director, 18 March 2011

Tuxedo Money Solutions Limited

Consolidated cash flow statement 31 March 2010

	Notes	2010 £	2009 £
Net cash inflow from operating activities	21	(1,283,335)	(5,951,159)
Returns on investments and servicing of finance	22	(12,156)	24,425
Capital expenditure and financial investment	22	(92,886)	(408,889)
Cash outflow before management of liquid resources and financing		(1,388,377)	(6,335,623)
Financing	22	600,000	5,904,969
Decrease in cash in the year	23	(788,377)	(430,654)

Tuxedo Money Solutions Limited

Notes to the consolidated financial statements Year ended 31 March 2010

1. General information

Tuxedo Money Solutions Limited is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the Directors' Report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

2. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). These accounts have been prepared in accordance with the special provisions in Part 15 of the Companies Act 2006 relating to small companies.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Turnover comprises fee income and pack sales. Fee income represents the charges made to customers for using the services provided. Pack sales represent income from the sale of Tuxedo packs via various distribution channels. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Tuxedo Money Solutions Limited

Notes to the consolidated financial statements Year ended 31 March 2010

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

Going concern

The Group incurred a net loss of £2,628,988 during the year ended 31 March 2010 and subsequently has continued to incur losses such that, when loans provided by its shareholders are taken into account, it has net liabilities exceeding its net assets at the date of approval of the accounts whereby imminent funding would be required to be injected into the Group. There have been two additional rounds of funding subsequent to the year end as disclosed in Note 25 to the financial statements. However, to continue to meet its working capital requirements, the Group is dependent on future injections of further capital from its shareholders, failure of which could affect the Going Concern assumption. Management is currently in discussions with the shareholders with regards to their future cash flow and profit forecasts and its need for immediate funding which is expected to be finalised by April 2011. Whilst the principal investors have provided written assurances that they will provide continued funding as at the date of approval of the accounts, the exact amount of such funding has yet to be agreed.

This indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. This judgement is based on written assurances provided by the principal investors that they will continue to provide sufficient funding to the Group for it to meet its obligations. The directors have taken steps to reduce the cost base of the Group and are confident that these steps, together with the continued support of its shareholders will be sufficient to support the activities of the Group and to steer it to profitability. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

This position will be regularly reviewed by the directors and necessary actions will be taken if the funding outlook for the Group deteriorates. Such actions may include a combination of raising additional capital, and reappraisal of the operating expenditure plans so as to reduce or defer planned expenditure.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the relevant lease.

Tuxedo Money Solutions Limited

Notes to the consolidated financial statements Year ended 31 March 2010

2. Accounting policies (continued)

Fixed Asset Investments

Fixed asset investments are shown at cost less provision for impairment

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Convertible loan notes

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity and is not subsequently remeasured.

The finance costs of the financial liability are recognised over the term of the debt at a constant rate on the carrying amount.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and fittings	3 years
Computer equipment	3 years
Computer software	3 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Interest income and expense

Interest income and expense is recognised on an accruals basis in the profit and loss account.

Tuxedo Money Solutions Limited

Notes to the consolidated financial statements Year ended 31 March 2010

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

3. Turnover

An analysis of the Group's turnover is as follows

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Pack sales	1,479,115	277,940
Fee income	3,848,819	2,424,047
Other income	-	87,644
	<u>5,327,934</u>	<u>2,789,631</u>

All income is generated in the United Kingdom

4. Operating profit

Operating profit is stated after charging

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Operating lease rentals – office property and equipment	431,899	368,048
Depreciation of property, plant and equipment	398,918	379,541
Write down of inventories recognised as an expense	37,205	109,498
	<u></u>	<u></u>

5. Auditors' remuneration

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Fees payable to the company's auditors for the audit of the company's annual accounts	20,000	17,500
The audit of the company's subsidiaries pursuant to legislation	17,500	17,500
	<u></u>	<u></u>
Total audit fees	<u>37,500</u>	<u>35,000</u>

Tuxedo Money Solutions Limited

Notes to the consolidated financial statements Year ended 31 March 2010

Tax services	5,500	5,500
Total non-audit fees	5,500	5,500

6. Staff costs

The average monthly number of employees, including executive directors, during the year was 30 (2009 – 30)

Their aggregate remuneration comprised

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Salaries	1,872,092	2,289,759
Compensation for loss of office	97,525	-
Social security costs	202,733	277,708
	2,172,350	2,567,467

7. Directors' emoluments

The directors' aggregate emoluments were

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Salaries	285,000	170,250
Compensation for loss of office	-	200,000
Social security costs	34,285	17,013
	319,285	387,263

No directors are accruing benefits under defined benefit or contribution schemes (2009 - Nil)

8. Interest Receivable

Interest receivable represents interest earned on deposit with bank

Tuxedo Money Solutions Limited

Notes to the consolidated financial statements Year ended 31 March 2010

9 Tax on profit on ordinary activities

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Current tax	-	-
Deferred tax	-	-
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Corporation tax is calculated at 21 per cent (2009 19 per cent) of the estimated assessable profit for the year.

	Year ended 31 March 2010 £	Year ended 31 March 2009 £
Reconciliation of profit and loss tax charge		
Loss on ordinary activities before tax	(2,628,988)	(5,138,323)
Tax charge at 21% thereon	-	-
	<u> </u>	<u> </u>
Current tax charge for year	-	-
	<u> </u>	<u> </u>

10. Profit attributable to the Company

The loss for the financial year dealt with in the financial statements of the parent Company was £18,115,984 (2009 £614,310 profit) As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company

11. Tangible fixed assets

	Computer software £	Fixtures and fittings £	Computer equipment £	Total £
Group and Company				
Cost				
1 April 2009	1,207,423	36,428	101,359	1,345,210
Additions	88,671	-	4,215	92,886
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 March 2010	1,296,094	36,428	105,574	1,438,096
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Accumulated depreciation				
1 April 2009	605,695	28,247	63,045	696,987
Charge for the year	364,835	8,180	25,905	398,920
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Tuxedo Money Solutions Limited

Notes to the consolidated financial statements Year ended 31 March 2010

31 March 2010	<u>970,530</u>	<u>36,427</u>	<u>88,950</u>	<u>1,095,907</u>
Net book value				
31 March 2010	<u>325,564</u>	<u>1</u>	<u>16,624</u>	<u>342,189</u>
31 March 2009	<u>601,728</u>	<u>8,180</u>	<u>38,314</u>	<u>648,222</u>

12. Fixed Asset Investments

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Subsidiary undertakings	-	-	4	4
	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>

	Country of incorporation	Principal activity	Holding	%
Subsidiary undertakings				
Tuxedo MoneyPlus Limited	England	Prepaid Cards	Direct	100
Tuxedo Money Card Limited	England	Dormant	Direct	100
Tuxedo Money Terminal Limited	England	Dormant	Direct	100
Tuxedo Money Remittance Limited	England	Dormant	Direct	100

Tuxedo Money Solutions Limited

Notes to the consolidated financial statements Year ended 31 March 2010

	£
Cost	
At 1 April 2009	4
Additions	18,336,250
Disposals	-
At 31 March 2010	<u>18,336,254</u>
Provisions for impairment	
At 1 April 2009	-
Written off	18,336,250
Written back	-
Disposals	-
At 31 March 2010	<u>18,336,250</u>
Net book value	<u>4</u>

On 5 March 2010 Tuxedo Money Solutions Limited waived without reservation and by way of a capital contribution the inter-company loan of £16,027,287 that had been made to Tuxedo MoneyPlus Limited. On 31 March 2010 Tuxedo Money Solutions Limited waived without reservation and by way of a capital contribution the inter-company loan of £2,308,963 that had been made to the Company. The amount of the inter-company loan treated as a capital contribution has been added to the carrying cost of the investment in Tuxedo MoneyPlus Limited.

13. Stocks

Stocks comprise finished card packs

14. Debtors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts falling due within one year				
Trade debtors	812,442	1,013,495	1,050	-
Other debtors	-	-	-	525,794
Prepayments and accrued income	198,493	201,229	86,644	130,011
	<u>1,010,935</u>	<u>1,214,724</u>	<u>87,694</u>	<u>655,805</u>

Tuxedo Money Solutions Limited

Notes to the consolidated financial statements Year ended 31 March 2010

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts falling due after more than one year				
Amounts owed by Group undertakings	-	-	10,360	16,057,558
Issue of delayed ordinary shares	600,000	1,056,250	600,000	1,056,250
	<u>600,000</u>	<u>1,056,250</u>	<u>610,360</u>	<u>17,113,808</u>
	<u>1,610,935</u>	<u>2,270,974</u>	<u>698,054</u>	<u>17,769,613</u>

15. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

16. Deferred tax

	Tax losses	Total
	£	£
Reconciliation of profit and loss tax charge		
Loss on ordinary activities before tax	(2,628,988)	(5,138,323)
Tax charge at 21% (2009 19%) thereon	552,087	976,281
Group loss relief at 1 April 2009	2,766,331	1,790,050
Prior year adjustment	102,835	-
Expenses not deductible for tax purposes	(6,544)	-
Fixed asset and other timing differences	(69,406)	-
Group loss relief utilised in the year	-	-
Group loss relief at 31 March 2010	<u>3,345,303</u>	<u>2,766,331</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

At the balance sheet date, the group has a potential deferred tax asset of £3,345,303, being £15,930,013 at 21% (2009 £2,766,331, being £14,559,641 at 19%) relating to tax losses available for offset against future profits and a potential deferred tax asset of £216,038 (2009 £132,428) relating to accelerated capital allowances. No deferred tax asset has been recognised due to the unpredictability of future profit streams. All of the tax losses may be carried forward indefinitely.

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Notes to the consolidated financial statements Year ended 31 March 2010

17. Creditors – Amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade creditors	654,948	541,322	235,303	300,486
Other taxation and social security	57,881	23,650	44,847	47,031
Other creditors	220,331	22,209	-	-
Accruals and deferred income	509,550	198,094	110,917	116,521
	<u>1,442,710</u>	<u>785,275</u>	<u>391,067</u>	<u>464,038</u>

18. Creditors – Amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Other creditors				
10% convertible unsecured loan stock November 2009	500,000	-	500,000	-
	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
	<u>1,942,710</u>	<u>785,275</u>	<u>891,068</u>	<u>464,038</u>

The convertible loan notes were issued on 17 November 2009. The notes are convertible into ordinary shares of the Company from 31 October to 7 November each year between the date of issue of the notes and their settlement date of 31 October 2013. On issue, the loan notes were convertible at 2.5 B Ordinary shares per £1 loan note. If the notes have not been converted, they will be redeemed on the settlement date at par. However, upon request for conversion, the company has the right to redeem the notes for cash rather than convert them to shares. Therefore the conversion feature does not meet the definition of equity and the whole instrument is treated as a financial liability. Interest of 10% per cent will be paid annually up until the second anniversary from the date of issue. Interest of 15% will be paid annually thereafter, up until the settlement date.

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Notes to the consolidated financial statements Year ended 31 March 2010

19. Share capital

	31 March 2010 £	31 March 2009 £
Allotted, called up and fully paid		
14,206,250 ordinary shares of £1 each (2009 – 14,206,250),		
7,350,000 'B' ordinary shares of £0.20 each (2009 – 7,100,000)	15,676,250	15,626,250
600,000 delayed ordinary shares of £1 each (2009 – 1,056,250)	600,000	1,056,250
	<u>16,276,250</u>	<u>16,682,500</u>

20. Reserves

	Share capital £	Share premium £	Retained earnings £	Total £
Group				
At 1 April 2009	16,682,500	1,420,000	(14,559,641)	3,542,859
Share issues	50,000	50,000	-	100,000
Cancellation of delayed shares	(456,250)	-	-	(456,250)
Loss for the financial year	-	-	(2,628,988)	(2,628,988)
At 31 March 2010	<u>16,276,250</u>	<u>1,470,000</u>	<u>(17,188,629)</u>	<u>557,621</u>
	Share capital £	Share premium £	Retained earnings £	Total £
Company				
At 1 April 2009	16,682,500	1,420,000	614,310	18,716,810
Share issues	50,000	50,000	-	100,000
Cancellation of delayed shares	(456,250)	-	-	(456,250)
Loss for the financial year	-	-	(18,115,984)	(18,115,984)
At 31 March 2010	<u>16,276,250</u>	<u>1,470,000</u>	<u>(17,501,674)</u>	<u>244,576</u>

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Notes to the consolidated financial statements Year ended 31 March 2010

21. Reconciliation of operating profit to operating cash flows

	2010	2009
	£	£
Operating loss	(2,616,832)	(5,162,748)
Depreciation and amortisation	398,920	379,598
Decrease / (Increase) in stocks	73,355	(4,359)
Decrease/ (Increase) in debtors	203,788	(507,328)
Increase/ (Decrease) in creditors	657,434	(279,291)
Decrease in provisions	-	(377,031)
Net cash outflow from operating activities	<u>(1,283,335)</u>	<u>(5,951,159)</u>
Net cash outflow from operating activities comprises		
Continuing operating activities	(1,283,335)	(5,951,159)
Discontinued operating activities	-	-
	<u>(1,283,335)</u>	<u>(5,951,159)</u>

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Notes to the consolidated financial statements Year ended 31 March 2010

22. Analysis of cash flows

	2010 £	2009 £
<i>Returns on investments and servicing of finance</i>		
Interest received	177	38,424
Interest paid	(12,333)	(13,999)
Net cash outflow	(12,156)	(24,425)
<i>Taxation</i>		
UK corporation tax paid	-	-
Foreign tax paid	-	-
Net cash outflow	-	-
<i>Capital expenditure and financial investment</i>		
Development costs capitalised	(88,671)	(383,780)
Purchase of tangible fixed assets	(4,215)	(25,109)
Net cash outflow	(92,886)	(408,889)
<i>Financing</i>		
Issue of ordinary share capital	100,000	5,904,969
Issue of convertible loan notes	500,000	-
Net cash inflow	600,000	5,904,969

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Notes to the consolidated financial statements Year ended 31 March 2010

23. Analysis and reconciliation of net debt

	1 April 2009 £	Cash flow £	Acquisitions and disposals £	Other non-cash changes £	Exchange movement £	31 March 2010 £
Cash in hand, at bank	1,301,975	(788,377)	-	-	-	513,598
Debt due after 1 year	-	(500,000)	-	-	-	(500,000)
Net debt	<u>1,301,975</u>	<u>(1,288,377)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,598</u>

24. Financial commitments

	31 March 2010 £	31 March 2009 £
Group and Company		
At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows		
- within one year	91,622	177,949
- between two and five years	-	29,727
	<u>91,622</u>	<u>207,676</u>

Operating lease payments represent rentals payable by the Group for its office property and equipment

25. Events after the balance sheet date

On 21 July 2010, the Company issued £750,000 secured convertible PIK loan notes 2013. These loan notes can be converted by the loan note holders to 'C' ordinary shares of £0.10 at a price of £0.15 or redeemed on or before 31 October 2013. The loan notes attract an interest rate of 10% per annum up to 17 November 2011 and 15% per annum thereafter and are secured by a fixed and floating charge over the assets of the Company.

On 16 December 2010, the Company issued £750,000 secured convertible PIK loan notes 2013. These loan notes can be converted by the loan note holders to 'D' ordinary shares of £0.01 at a price of £0.05 or redeemed on or before 31 October 2013. The loan notes attract an interest rate of 15% per annum and are secured by a fixed and floating charge over the assets of the Company.

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Notes to the consolidated financial statements Year ended 31 March 2010

26. Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There are no other transactions with directors.